

Prepared For

Ms. Donna T. Sullivan, Director Real Estate Division
New Jersey Economic Development Authority
36 West State Street,
P.O. Box 990
Trenton, NJ 08625-0990

Effective Date of Valuation

November 14, 2013

Self Contained Appraisal Report

Camden Aerospace Center
100 Market Street
Block 73, Lots 1, 73, 76, 142-144
Camden City
Camden County, New Jersey
JMA File No. 213311

Prepared By

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NJ SCGRE A RG00239



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December 2, 2013

Ms. Donna T. Sullivan, Director Real Estate Division
New Jersey Economic Development Authority
36 West State Street,
P.O. Box 990
Trenton, NJ 08625-0990

Re: **Camden Aerospace Center**
100 Market Street
Block 73, Lots 1, 73, 76, 142-144
Camden City, Camden County, New Jersey
JMA File No. 213311

Dear Ms. Sullivan:

At your request and authorization, J. McHale & Associates, Inc has prepared an appraisal presented in a Self Contained Appraisal Report. The purpose of the appraisal is to provide a market value estimate for the **Leased Fee interest** in the above referenced property. The intended use of the appraisal is for sale negotiations. The client is the only intended user of the report.

The market value estimate only reflects the value of the real estate and excludes the value of any crops or personalty at the property. The appraiser made a comprehensive physical inspection of the subject property, its market area, and all comparable property information.

No hazardous waste or wetlands is known to exist on the property and no areas of concern were observed during the inspection. The appraiser highly recommends that a qualified environmental expert be retained to make such a determination.

The enclosed appraisal report includes the information relevant to the valuation of the property as well as the methodology used to arrive at the value conclusions. It has been prepared in conformity with the Uniform Standards of Professional Practice of the Appraisal Foundation, the code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and all other applicable federal and state regulations and/or guide-line.

The appraised market value is based upon the following Conditions/Assumptions:


1. Based on discussions with NJEDA, the land lease encumbering the subject property is a lease between interrelated parties. Therefore, it is assumed that land ownership reflects the fee simple interest. Based on this assumption, no land lease payments have been included in our income projections. If ground lease payments were to be included, the value reported herein could be subject to downward revision.
2. It has been assumed that the existing tenant, L-3 Communications, will remain at the subject through their lease term which ends in February 2018.
3. The appraiser was provided with limited subject operating expense information, consisting of the current costs of a few expenses. This information was provided by the tenant, L-3. The appraiser was not provided with the subject's three year historic income and expenses, which was requested. My cash flow projections were based on published operating data, an expense comparable, and the information provided by L-3. If income and expense information were to be provided, the value and projections provided herein might be subject to change.
4. The subject's lease to L-3 Communications indicates a total rentable area of 575,000 SF. For purposes of this appraisal, the square footage (575,000 SF) in the lease is assumed to be accurate. If the actual square footage is materially different, the value reported herein could warrant modest revision.

Based upon the results of the investigation analyses contained in the following report, the market value of the subject based on the assumptions and limiting conditions set forth, is as follows:

\$36,300,000

Thirty Six Million Three Hundred Thousand Dollars

Attached is a report with my findings. This report was prepared for the exclusive use of the client and its legal representatives. It may not be distributed to or relied upon by other third parties without the prior written consent and approval by Jerome McHale of J. McHale & Associates, Inc. No portions of the report may be disseminated to the public through news, advertising, or sales media.



Jerome J. McHale, MAI
Certified General Appraiser
New Jersey License No. RG 00239

Enclosures

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Photographs of the Subject Property



View of the Office/Engineering (A & E) Building



View of the Manufacturing (Ops) Building

Summary of Facts & Conclusions

Subject Property:	Camden Aerospace Center 100 Market Street Camden City <u>Camden County, New Jersey</u>
Tax Identification:	Block 73, Lots 1, 73, 76, 142-144
Current Ownership:	The subject's land is owned by the NJ Economic Development Authority (NJEDA). The subject's improvements are owned by the Camden Center Urban Renewal, LP.
Lessee (<i>Land & Improvements</i>):	L-3 Communications (<i>formerly General Electric</i>)
Property Type:	Two Buildings; an Office/Engineering Facility (A&E Building) and a Manufacturing (Ops) Facility
Gross Building Area:	A&E Building - 350,000* SF Manufacturing Facility - <u>225,000* SF</u> Total 575,000 SF <i>*Per lease</i>
Land Area:	21.126 acres
Zoning:	CC, Center City
Real Estate Tax Assessment:	The subject's land is owned by the NJ Economic Development Authority (NJEDA), and therefore the land assessment is tax exempt. The subject's improvements are owned by the Camden Center Urban Renewal, LP, and are taxable. If the land were to be sold to an owner that did not receive a tax exemption, the entire property could be taxed by the City.
Real Estate Tax Assessment (2013):	Land: \$4,225,200 Improvement: \$30,774,800 Total: \$35,000,000
Camden City:	
Tax Rate (2013):	\$2.667/\$100
Equalization Ratio (2013):	105.11%
Equalized Value:	\$35,000,000

Real Estate Taxes: Indicated taxes are \$820,764, based upon the tax exempt land assessment. Without a tax exemption, taxes would be \$933,450.

Date of Value Estimate: November 14, 2013

Highest and Best Use: Continued use as improved.

Cash Flow Assumptions:

Summary of DCF Assumptions	
Analysis Start	1-Jan-14
Holding Period	10 Years
Blended Market Lease Rate	\$7.55 /SF/Year
Escalation Within Lease	1%/year
Concessions	None
Market Lease Term	7 Years
Expense Recovery	NNN
Rent Inflation	1%/year
Expense Inflation	2.75%/year
Tenant Improvements	\$15.00 /SF New 2nd Generation
	\$5.00 /SF Renew
Renewal Probability	70%
Lease Commissions	5.00% New
	3.00% Renew
Entrance Cap Rate	8.50%
Terminal Cap Rate	8.75%
Discount Rate	10.00%
<u>Vacancy & Collection Assumptions</u>	
Downtime Between Leases	12 months
Collection Loss	2%
Capital Reserve	\$0.25/SF
Selling Expense	2.00%

Estimated Market Value:

Valuation Date	Interest Appraised	Conclusion	Income Capitalization Approach	Sales Comparison Approach	Cost Approach
November 14, 2013	Leased Fee	\$36,300,000	\$36,300,000	\$38,500,000	N/A

Purpose of the Appraisal: The purpose of this appraisal is to provide the current market value for the subject real property.

Market value is defined as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- ◆ Buyer and Seller are typically motivated;
- ◆ Both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;
- ◆ A reasonable time is allowed for exposure in the open market;
- ◆ Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- ◆ The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Intended Use & User of Report: The intended use of the appraisal to aid in sale price negotiations. The client and its affiliates are the only intended users of the report.

Date of the Inspection & Report: The inspection of the property (interior and exterior) was conducted on November 14, 2013, which is the date of value. The date of the preparation of the appraisal report is shown on the letter of transmittal attached with this report. The lessee gave the appraiser limited access to the interior of the manufacturing (Ops) building due to security.

¹ Appraisal Institute, *The Appraisal Of Real Estate*, 14th Edition. Chicago, IL: Appraisal Institute, 2013, p. 59.

Scope of the Appraisal: The scope of the work is defined as “the type and extent of research and analyses in an assignment.”² USPAP requires that appraisers be prepared to demonstrate that the scope of work performed in an appraisal is sufficient to produce credible assignment results. The scope of work should include, but is not limited to:

- the extent to which the property is identified;
- the extent to which tangible property is inspected;
- the type and extent of data researched; and
- the type and extent of analyses applied to arrive at opinions or conclusions.³

The subject property is appraised based on the following scope of work.⁴

² *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation, 2012-2013 Edition.

³ *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation, 2012-2013 Edition.

⁴ *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation, 2012-2013 Edition.

Scope Of The Appraisal

<u>Procedure/Analysis</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
• Researched regional, city, and neighborhood data.	√		
• Researched market trends (i.e. inventory, vacancy, absorption, new construction, etc.) for the subject property type.	√		
• Data has been collected regarding the physical characteristics of the subject property, neighborhood trends and influences, market trends and influences, typical amenities and utilities, zoning and related controls, as well as the subject's tax assessment.	√		
• Reviewed the following Documents			
· Tax Assessment Map	√		
· Zoning Maps & Zoning Ordinance	√		
· FEMA Flood Zone Map	√		
· Aerial Map	√		
· Assessment Information	√		
· Lease Agreement	√		
· An Expression of Interest document signed June 12, 2013	√		
• Analyzed information pertaining to existing physical improvements located on the subject site.	√		
• A physical inspection of the subject property and its market area.	√		
• Determined the Highest and Best Use of the site as vacant and as currently improved.	√		
• Each of the three traditional value approaches -- the Income Capitalization, Sales Comparison, and Cost approaches -- has been considered in arriving at a value conclusion for the subject property.	√		
• All comparable data has been verified through a variety of sources including recorded information at the local and county levels.	√		
• Performed an Income Capitalization Approach.	√		
• Performed the Sales Comparison Approach.	√		
• Performed a Cost Approach.		√	
• All research and analyzed information has been utilized in order to come to a final value conclusion for the subject	√		
• Determined reasonable exposure time associated with the concluded value.	√		

Property Rights Appraised: The real property valued in this appraisal consists of **Leased Fee** interest.

The **Leased Fee Estate** is defined as:

*“...the lessor’s, or landlord’s, interest. A landlord hold specified rights that include the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee (leaseholder) are specified by contract terms contained in the lease.”*⁵

Ownership History: The subject’s land is owned by the NJ Economic Development Authority (NJEDA). The subject’s improvements are owned by the Camden Center Urban Renewal, LP. No arm’s length sale transactions have occurred within the last five years.

According to the owner (NJ Economic Development Authority), during the past three years the subject has not been listed for sale and there has been no transfer of ownership. Currently, there is not an Agreement of Sale for the subject. In the past 3 years, the NJEDA has received one indication of an interest to purchase the subject. An Expression of Interest document was signed June 12, 2013 by the Camden Center Urban Renewal, LP (a wholly owned subsidiary of the NJEDA) as the seller, and Cooper’s Ferry Partnership as the buyer. The document states the property would be sold as is, and the purchase price will be equal to the greater of (a) 90% of the appraised value, (b) the amount necessary to pay the outstanding debt secured by the property plus any early terminations amounts, (c) the total amount of the NJEDA’s cash investment to pay the outstanding debt secured by the property plus early terminations amount. The document states that it is not binding, and is a preliminary expression of general intentions to be used for discussion purposes only.

The land is leased to the Camden Center Urban Renewal, LP. As stated previously, it is our understanding that the land lessee is a party related to the land owner. Therefore, it is assumed that the land is owned in fee for purposes of this analysis.

The terms of the building and land lease are summarized below.

⁵ Appraisal Institute, *The Appraisal Of Real Estate*, 14th Edition. Chicago, IL: Appraisal Institute, 2013, p. 72.

Lease Agreement

Date	Sep-02
Lessor	Camden Center Urban Renewal Partnership (CCURLP)
Lessee	L3 Communications Corporation
Term	15.5 years
Rent	See Rent Schedule
Purchase Option	
Option Date	End of Lease Term (March 15, 2018)
Option Property	One or both buildings
Option Price	Fair Market Value but not less than the greater of: Office building: \$40,000,000 Industrial Building: \$16,000,000 or, the principal of all remaining debt plus accrued interest and accrued and unpaid cumulative 17.75% preferred return on landlord's equity.
Lease Option	1, 5 year option at market rent

Base Rent Schedule									
Period	Manufacturing Building			Office Building			Total		
	\$/Month	\$/Year	\$/SF/Year	\$/Month	\$/Year	\$/SF/Year	\$/Month	\$/Year	\$/SF/Year
9/02	\$146,201	\$1,754,412	7.80	\$328,593	\$3,943,116	\$11.27	\$474,794	\$5,697,528	\$9.91
10/02-2/03	\$56,250	\$675,000	3.00	\$328,593	\$3,943,116	\$11.27	\$384,843	\$4,618,116	\$8.03
3/03	\$56,250	\$675,000	3.00	\$339,301	\$4,071,612	\$11.63	\$395,551	\$4,746,612	\$8.25
4/03-8/07	\$56,250	\$675,000	3.00	\$175,000	\$2,100,000	\$6.00	\$231,250	\$2,775,000	\$4.83
9/07-2/08	\$74,063	\$888,750	3.95	\$175,000	\$2,100,000	\$6.00	\$249,063	\$2,988,750	\$5.20
3/08-2/13	\$74,063	\$888,750	3.95	\$204,167	\$2,450,000	\$7.00	\$278,229	\$3,338,750	\$5.81
3/13-2/18	\$74,063	\$888,750	3.95	\$233,333	\$2,800,000	\$8.00	\$307,396	\$3,688,750	\$6.42
Manufacturing Building		225,000 SF							
Office Building		350,000 SF							
Total		575,000 SF							

Based on the value concluded herein, the purchase options in 2018 do not impact the value of the subject property.

Assumptions & Limiting Conditions

The appraisal report is subject to the following assumptions and limiting conditions set forth as follows. Additional assumptions and limiting conditions may be cited elsewhere in the report.

1. To the best of my knowledge, the statements of facts contained in the appraisal report, upon which the analysis, opinions and conclusions expressed are based, are true and correct. Information, estimates and opinions furnished to us and contained in the report or utilized in the formation of the value conclusion was obtained from sources considered reliable and believed to be true and correct. However, no representation, liability or warranty for the

- accuracy of such items is assumed by or imposed on us, and is subject to corrections, errors, omissions and withdrawal without notice.
2. Title is assumed to be good and marketable. The appraiser assumes no responsibility for legal matters affecting the property or title, nor does the appraiser render any opinion as to the title.
 3. The legal description, areas, and dimensions shown within the report are assumed to be correct.
 4. The appraiser has made no survey of the property. Exhibits are included to assist the reader in visualizing the property, and the appraiser assumes no responsibility.
 5. It is assumed that there are no hidden or adverse conditions of the property, subsoil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for the engineering/remediation that may be required to remove such condition. If the client has a concern over the existence of such conditions in the property, I consider it imperative to retain the services of a qualified engineer or contractor to determine the existence and extent of such hazardous conditions. Such consultation should include the estimated cost associated with any required treatment or removal of the hazardous material.
 6. The property has been appraised as though free of liens and encumbrances unless so specified within the report.
 7. Management and ownership are assumed to be competent.
 8. Public, industry and statistical information are from sources that I deem to be reliable. However, no representation as to the accuracy or completeness of such information is being made.
 9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.
 10. It is assumed that any mechanical and electrical equipment, which is considered part of the real estate, is in proper operating condition except when noted herein. These include items such as the heating, air conditioning, plumbing, sprinkler, and electrical systems.
 11. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
 12. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or federal governmental or private entity have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
 13. The appraisal is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal. Furthermore, this report and all conclusions are for the exclusive use of the client for the sole and specific purposes stated herein.
 14. I am not required to give testimony or be in attendance at any court or administrative proceeding with reference to the property appraised, unless arrangements have been previously made.
 15. The value conclusion is subject to formal determination of the existence of any state or federal wetlands or other environmentally sensitive areas including all required buffer zones. I am not an expert in this field and it is considered imperative that the services of a qualified

environmental expert be retained in order to make such determinations. Any environmentally sensitive area detected on the property could have an impact on the value estimated herein, and thus, I reserve the right to modify the value conclusion if such areas are found to be present on the property.

16. No change of any item of the appraisal report shall be made by anyone other than myself, and I shall have no responsibility for any such unauthorized change.
17. Information and estimates provided to me and contained in the report, including but not limited to Income & Expense Statements and Rent Roll, were from sources considered reliable and are believed to be true and accurate.
18. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the American with Disabilities Act (*ADA*), which became effective on January 26, 1992. It is possible that a compliance survey of the property along with a detailed analysis of the requirements of the Act could reveal that the property is not in compliance with one or more of the Act's requirements. I consider it imperative that the services of a qualified architect and/or engineer be retained to make such a determination. If any items of non-compliance are detected, they could have an impact on the value estimated herein, and thus, I reserve the right to modify the value conclusion if such items of non-compliance are found to be present on the property.

Hypothetical Conditions/Extraordinary Assumptions

A Hypothetical Condition is defined as, *"that which is contrary to what exists but is supposed for the purpose of analysis"*⁶

An Extraordinary Assumption is defined as, *"an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions."*⁷

The appraised market value is based upon the following Conditions/Assumptions:

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1. Based on discussions with NJEDA, the land lease encumbering the subject property is a lease between interrelated parties. Therefore, it is assumed that land ownership reflects the fee simple interest. Based on this assumption, no land lease payments have been included in our income projections. If ground lease payments were to be included, the value reported herein could be subject to downward revision.
2. It has been assumed that the existing tenant, L-3 Communications, will remain at the subject through their lease term which ends in February 2018.

⁶ *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation, 2012-2013 Edition.

⁷ *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation, 2012-2013 Edition.

3. The appraiser was provided with limited subject operating expense information, consisting of the current costs of a few expenses. This information was provided by the tenant, L-3. The appraiser was not provided with the subject's three year historic income and expenses which was requested. My cash flow projections were based on published operating data, an expense comparable, and the information provided by L-3. If income and expense information were to be provided, the value and projections provided herein might be subject to change.
4. The subject lease to L-3 Communications indicates a total rentable area of 575,000 SF. For purposes of this appraisal, the square footage (575,000 SF) in the lease is assumed to be accurate. If the actual square footage is materially different, the value reported herein could warrant modest revision.

Regional & Local Area Analysis

Regional Analysis

The present and future potential of any individual property is directly related to its surrounding market environment. The market environment affecting a property is composed of a specific area that is delineated by one or a combination of factors including physical features, economic-financial factors, political-governmental entities, sociological, and location factors.

The subject property is located in Camden City, which is an urban municipality within Camden County, New Jersey. Camden County is part of the nine county Delaware Valley River Port Commission region (*DVRPC*). The DVRPC comprises the New Jersey counties of Burlington, Camden, Gloucester & Mercer, and the Pennsylvania counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia.

The county is located in the southwest portion of the State with Burlington County to the north and east, the Delaware River and the state of Pennsylvania situated at its western boundary, and Gloucester and Atlantic counties to the south. It is part of the nine county Delaware Valley River Port Commission region (*DVRPC*). The DVRPC comprises the New Jersey counties of Burlington, Camden, Gloucester & Mercer, and the Pennsylvania counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia. The County is mostly developed, but areas in the southern portion remain undeveloped and are often subject to stringent developmental restrictions regulated by the Pinelands Commission.

The County encompasses a total land area of 222.27 square miles and includes 37 municipalities. Most of the communities in the northwestern portion are small older communities that are primarily built-out. The southern communities of Gloucester Township, Winslow Township, Waterford Township, Berlin Township, and Voorhees Township are where most of the future growth will occur.

Camden City is situated in the northwestern portion of the County directly across the Delaware River from Philadelphia City. It contains 8.82 square miles of land area and is bounded by Maple Shade, Pennsauken, and Merchantville Borough to the north, Collingswood, Haddon Township, Haddonfield, and Lawnside to the west, Voorhees Township to the south, and Evesham, Mount Laurel, and Moorestown to the east. Most development is residential. However, extensive commercial, light industrial and office development is located throughout the city.

Population and Employment Data

The following table contains demographic trends for the state of New Jersey, Camden County, and the City of Camden. The source is STDB Online.

	Camden City	Camden County	New Jersey
2012 Summary			
Population	77,563	514,654	8,830,455
Households	24,478	190,885	3,228,247
Families	16,896	129,437	2,229,116
Average Household Size	3.03	2.66	2.68
Owner Occupied HUs	9,060	127,045	2,063,026
Renter Occupied HUs	15,418	63,840	1,165,221
Median Age	28.7	38	39.2
2017 Summary			
Population	77,527	516,743	8,935,631
Households	24,588	192,665	3,269,476
Families	16,962	130,393	2,252,705
Average Household Size	3.02	2.64	2.68
Owner Occupied HUs	9,245	129,026	2,102,308
Renter Occupied HUs	15,343	63,639	1,167,168
Median Age	29.1	38.4	39.4
Area Trends: 2012-2017 Annual Rate			
Population	-0.01%	0.08%	0.24%
Households	0.09%	0.19%	0.25%
Families	0.08%	0.15%	0.21%
Owner HHs	0.41%	0.31%	0.38%
Median Household Income	1.01%	3.35%	3.52%
Households by Income (percentage) - 2012			
< \$15,000	31.85%	11.44%	9.58%
\$15,000 - \$24,999	16.20%	8.85%	8.05%
\$25,000 - \$34,999	13.73%	9.04%	7.97%
\$35,000 - \$49,999	15.32%	13.17%	11.60%
\$50,000 - \$74,999	13.01%	19.18%	17.04%
\$75,000 - \$99,999	4.60%	13.05%	12.70%
\$100,000 - \$149,999	3.93%	16.01%	17.38%
\$150,000 - \$199,000	0.71%	5.48%	7.75%
\$200,000+	0.65%	3.77%	7.92%
Population by Age (percentage) - 2012			
0 - 14	25.75%	19.79%	19.08%
15 - 24	18.05%	13.21%	12.74%
25 - 44	27.97%	26.42%	26.55%
45 - 64	20.33%	27.28%	27.62%
65+	7.91%	13.30%	14.01%

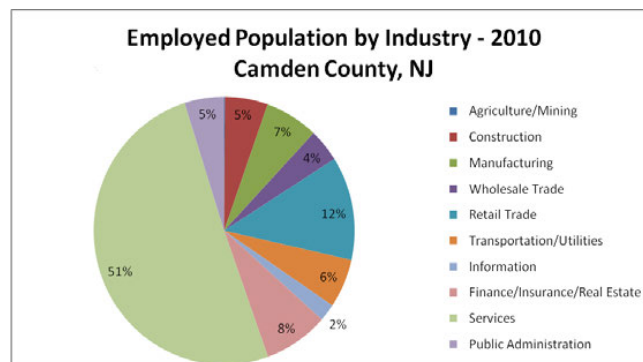
As shown, the population within the state is projected to grow at an average annual rate of 0.24% from 2012 to 2017. Over this time Camden County's population is projected to have a lower growth rate of 0.08%, and the City of Camden's growth rate is projected to be -0.01%. The City's lack of growth reflects its largely economically depressed state.

As shown in the table above, the city has a younger population as compared to the county and state having 43.8% of its population being 24 and under versus the city and state which have 33% and 31.8% of their population in this age range. Camden County has a similarly aged population as the state.

The City of Camden has a lower income level than the county and state with 77% of its households having an income below \$50,000. Camden County and New Jersey have 42% and 37% of their households' income below \$50,000. In Camden County 32% of the households have an income between \$50,000 and \$100,000, and 25% are \$100,000 and over.

Employment & Income Data

The entire region's economy is largely dependent upon the Philadelphia and is part of the Philadelphia metropolitan area. The region offers many diversified employment opportunities for residents in manufacturing, services, high-tech, and other areas. The estimated Camden County Employment by Industry distribution was as follows:



As shown in the pie chart, the strongest sector is the Services followed by Retail, Finance/Insurance/Real Estate and Manufacturing, respectively.

The following is a list of major employers within the market area:

- ✧ Virtua Health
- ✧ Our Lady of Lourdes Medical Center
- ✧ Cooper Health System
- ✧ Kennedy Health System
- ✧ Camden County

- ◇ Campbell Soup Company
- ◇ L-3 Communications
- ◇ Rutgers University
- ◇ Courier Post
- ◇ Cigna Corp.

The table below contains unemployment in our three geographic areas over the past four years. The City of Camden has the highest rate, while the County is approximately 1% above the state. The unemployment rates in 2013 are less than the prior three years which is a good sign for the economy.

Unemployment, As of May of Each Year			
	Camden City	Camden Co.	NJ
2010	18.7%	10.6%	9.6%
2011	19.7%	10.6%	9.3%
2012	18.4%	10.4%	9.5%
2013	17.1%	9.6%	8.6%
Source: Bureau of Labor Statistics			

Land Usage & Development Trends

Residential development for the State, County, and municipality is shown as follows:

Residential Building Permits						
Year	State		County		Municipality	
	Permits	Change	Permits	Change	Permits	Change
2000	34,585		796		5	
2001	28,267	-18.3%	757	-4.9%	40	700.0%
2002	30,441	7.7%	1,160	53.2%	242	505.0%
2003	32,984	8.4%	1,934	66.7%	112	-53.7%
2004	35,936	8.9%	1,413	-26.9%	141	25.9%
2005	38,588	7.4%	1,706	20.7%	17	-87.9%
2006	34,323	-11.1%	1,183	-30.7%	110	547.1%
2007	25,389	-26.0%	1,191	0.7%	286	160.0%
2008	18,369	-27.6%	895	-24.9%	71	-75.2%
2009	12,235	-33.4%	596	-33.4%	197	177.5%
2010	13,318	8.9%	457	-23.3%	80	-59.4%
2011	13,005	-2.4%	566	23.9%	14	-82.5%
2012	16,249	24.9%	840	48.4%	29	107.1%

Source: New Jersey Department of Labor, NJ Building Permits.

As shown in the table above, the state has remained somewhat stable until 2006, when a housing construction slowdown began. The county has basically the same trend as the state.

The city has seen somewhat stable growth since 2001, with the exception of 2005. This is mainly attributed to the numerous redevelopment projects that have been ongoing since 2001 (Hope VI, etc.)

Major projects and revitalization have been exhibited within the city. Approximately 60% of the recently completed projects were publicly funded with the remaining 40% privately funded. In order to attract additional private investors to the city, which is designated as an Urban Enterprise Zone, tax incentives are offered as well as publicly funded support. Typically, the private investors that are attracted to the city want a tax incentive for their proposed development. In order to attract private investors, Camden County does offer tax incentives in the form of Payment In Lieu of Agreements and Tax Abatements. The following summarizes recent development activity:

Recently Completed Projects/Projects under Construction

- ❖ New 120,000 SF Salvation Army Kroc Community Center on the former Harrison Street landfill site.
- ❖ Dranoff Properties redeveloped a vacated industrial building to build the Victor, 341 luxury apartments and first floor commercial units.
- ❖ In the fall of 2012 Rutgers University opened a \$55 million 12-story student housing building with first floor retail at 330 Cooper Street.
- ❖ In 2012 Cooper University Hospital broke ground on the \$100 million Cooper Cancer Institute.
- ❖ In 2012 Cooper Medical School of Rowan University built a 6-story 200,000 SF building at Broadway and Benson Street.
- ❖ Cooper University Hospital expanded including a new parking garage and 33,000 SF emergency department, and a 20 bed clinical observation unit adjacent to the emergency department.
- ❖ In 2012 the \$12.5 million LEAP Academy University Charter School was built, a 39,000 SF science, technology, engineering, and math campus on Cooper Street.
- ❖ In 2012 the old Parkade Building in front of City Hall was demolished and Roosevelt Park Plaza was created.
- ❖ In 2011 The Cooper Building was built, a 25 unit condominium building at New Street and 7th Street.
- ❖ In 2011 Baldwin's Run housing development of 528 units of public affordable

housing, a community center, and a Boys and Girls Club.

- ❖ Market Fair Project in 2009/2010, the rehabilitation of the Trust Building along with an addition for 35 apartments and 3,500 SF of retail/office/restaurant space.
- ❖ In 2010 Campbell's Soup expanded their headquarters including an 80,000 SF employee service building.
- ❖ Relocation of the Mental Health, Substance Abuse Center to the Ferry Terminal Building in 2009.
- ❖ Cooper Hospital's \$220 million 10-story, 312,000 SF expansion called the Roberts Pavilion at Cooper University Hospital in 2008.
- ❖ NJ Transit Light Rail system connects with the PATCO High Speed Line in the City and serves towns northward to Trenton City.

Proposed Projects

- ❖ Campbell's Soup has plans for a 200,000 SF office park. The park will be on 100 acres and Campbell's will occupy 40 of those acres.
- ❖ In 2012 Campbell's Soup purchased the vacated Sears Roebuck building for future redevelopment as part of the Gateway District redevelopment. This would be part of Campbell's plant to redevelop the neighborhood surrounding its headquarters. The site is being marketed to developers.
- ❖ Planned Haddon Avenue Transit Village is a 15 acre tract proposed for a \$100 million transit oriented mixed use development. The project will be anchored by a 55,000 SF Fresh Grocer store and will also include 40,000 SF of office, 515 market rate housing units, a new parking garage, and retail space.
- ❖ Proposed closing of the Camden Children's Garden to allow for more economic development and a possible expansion of Adventure Aquarium. (This is currently on hold.)
- ❖ Proposed new Renaissance School to serve 3,000 students as part of Cooper-Landing Phase I (2014). Proposed to include an elementary school and a middle school on a three square block of vacant land. Phase II (2020) is an additional elementary school, middle school, and a high school.

- ❖ Dranoff Properties planned to redevelop a vacated industrial building to build the Radio Lofts which would contain 86 luxury condominiums, but in 2012 work stopped on the project due to a lack of funds to perform the required environmental remediation. The building is currently not being worked on.
- ❖ Proposed redevelopment of a lot across the street from City Hall for a new academic/retail/office/residential building and parking.
- ❖ The City and businesses plan to blend Rutgers Camden's campus and downtown with Cooper University Hospital and the Rowan medical science area as part of improving the area.
- ❖ In June 2013, Cooper Health System signed an option agreement to buy sites in three difference blocks in the Lanning Square and Cooper Plaza neighborhoods for a future Rutgers-Rowand building to connect the University District with the Medical Science District.
- ❖ It is proposed that a 65 acre section of Harrison Avenue landfill to be turned into the Cramer Hill waterfront park, including active and passive recreation and ecological restoration of the river edge habitat.
- ❖ Planned \$54 million Salvation Army Ray and Joan Kroc Corps Community Center on a portion of the Harrison Avenue landfill.

Transportation Data

The region is served by an extensive network of highways and bridges, which provide good access to most portions of New Jersey and the eastern seaboard. Major highways throughout the county include Interstate 295, the New Jersey Turnpike (*accessed in nearby Burlington County*), State Route 42 (*the North/South Freeway*), US Route 130, State Routes 30, 38, 70, 73, 90, & 168.

Freight rail service has been available throughout the region since the last century and commuter train service is available via the PATCO High-Speed line and NJ Transit. The PATCO commuter rail service is currently available to the northwestern portion of the county. A new NJ Transit light rail line (River Line) for commuters connects the downtown Camden Patco station with stops northward to Trenton City. NJ Transit also has an Atlantic City line that runs from Camden to Atlantic City, with stations in Cherry Hill and Lindenwold. Public bus service is available throughout the county and region. Major air service is available at the Philadelphia International Airport within a 30-minute drive of most portions of the county.

The RiverLink ferry runs across the river between Penn's Landing in Philadelphia and the Camden waterfront seven days a week between Memorial Day and Labor Day.



Schools

The city offers a public school system, which has been taken over by the State of New Jersey. Camden is the largest school district in the State with little local funding and primarily state funding.

As an alternative, there are a variety of private schools within the area. According to conversations with locals, there is adequate private schooling for children and it did not deter them from buying property in the area.

Supporting Facilities

The following map shows points of interest proximate the subject.



Public bus and commuter rail services are within walking distance.

Utilities Data

Most public utilities are available to the more densely populated portions of the county. Public water and sewer are typically municipally owned but are now becoming increasingly reliable on the water services of the New Jersey American Water Company due to the depletion of underground aquifers. South Jersey Gas Company and PSE&G provide public gas service. PSE&G, JCP&L and Connectiv provide electricity, while Verizon provides telephone service.

Most portions of the city have access to all public utilities. The municipality and the New Jersey American Water Company typically provide public water, while the city and Camden County Municipal Utilities Authority (*CCMUA*) provides sewer. Public gas and electricity are primarily provided by PSE&G, while telephone service is provided by Verizon.

Neighborhood Analysis

The subject offers one full block area and is bound by Federal Street to the south, Market Street to the north, Delaware Avenue to the west, and 3rd Street to the east. The immediate neighborhood is bounded by the Cooper River and Admiral Wilson Boulevard to the east, the Delaware River to the west, and Interstates 676 and 76 to the north and east. This is also known as the Central Waterfront section in the west-central portion of Camden City, Camden County, New Jersey. It is located approximately 1 block from the Delaware River waterfront. Other major roadways in the surrounding area include U.S. Routes 30 & 130 and State Routes 38 & 70. The neighborhood consists of a mixture of residential uses, vacant land, neighborhood commercial uses, government uses, and institutional uses.

Some of the significant nearby uses include the Adventure Aquarium, the Susequehanna Bank Center amphitheater, Battleship New Jersey, Campbell's Field baseball park, Wiggins Park & Marina (a 50 slip marina), Victor's Pub & Market Street Pizza at The Victor building, One Port Center (Delaware River Port Authority Headquarters *office building*), Camden Board of Education administration building, the Rutgers University administration and academic buildings, the Ferry Terminal (office building), and the Waterfront Technology Center. The City and County administration buildings are located approximately 2.5 blocks east of the subject along Market Street.

Market Street and Federal Street are arterial roadways offering two lanes of traffic flow in each direction. They offer asphalt pavement, concrete curb and sidewalk, street lighting, and all public utilities. They provide westerly access to Delaware Avenue and the waterfront, and easterly access to Haddon Avenue.

Delaware Avenue and 3rd Street are local arterial roadways with one-way traffic flow. They offer asphalt pavement, concrete curb and sidewalk, street lighting, and all public utilities. They provide northerly access toward Cooper Point and the Delaware River or southerly access to Federal Street.

The subject's neighborhood is pedestrian friendly. The recreational uses are connected by roadways and paved access easements that run north/south through the Central Waterfront area. This year the Camden waterfront began “food truck Fridays” in which the truck vendors sell to the area’s visitors as well as local employees. The vendors benefit from the pedestrian nature of the area.

In summary, the subject offers a highly visible location within a city block. It is within an area that is dominated by a mix of older and modern industrial, commercial/office, and institutional uses. Public bus and commuter rail services are within walking distance. New development projects around Rutgers University and the City and County buildings are expected to have a positive impact on the neighborhood. However, it is noted that Camden City has been ranked one the most dangerous US city based on FBI statistics. This has a negative impact on the subject property given that tenant access to the immediate neighborhood requires travel through undesirable portions of the city. Therefore, the property is at a competitive disadvantage compared to other office and industrial buildings in more desirable locations (e.g. suburban industrial and office parks in Southern New Jersey). This is offset to some degree because there are incentives offered by NJEDA for businesses to locate in the city of Camden (Business Lease Incentive Grants). Given the overall current economic weakness, no significant change in the character of the neighborhood is expected in the near future.

NEIGHBORING PROPERTIES

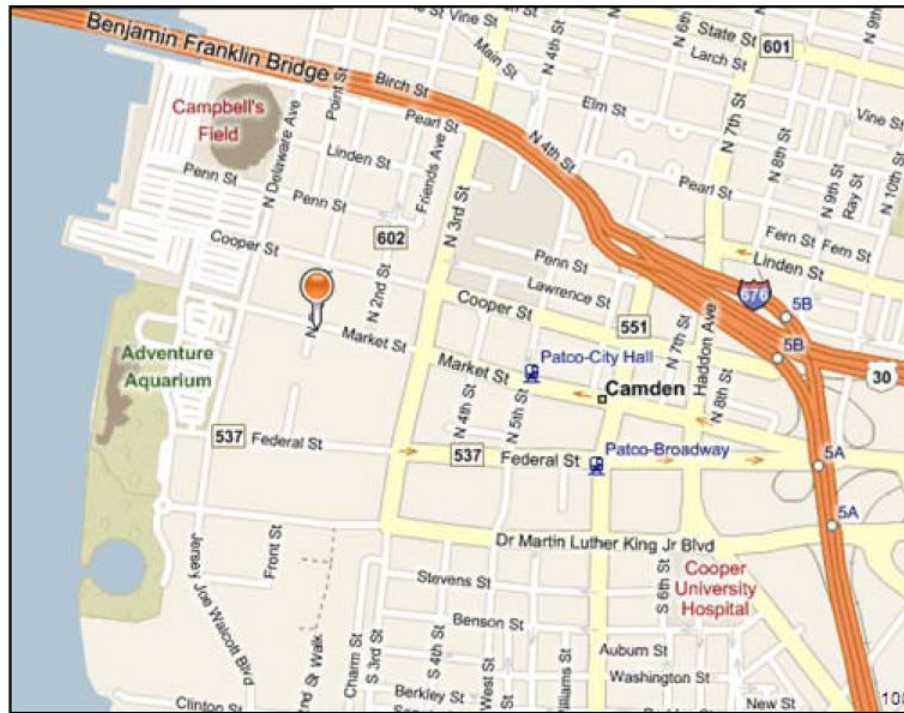
North: The Victor (apartment/retail building) and a mix of commercial uses along Market Street, and Campbell Field & parking.

East: Camden Fire Department and Parking

South: Waterfront Tech Center office building, Parking and Port Center office building.

West: Uses along the Delaware River including NJ Battleship, Susquehanna Bank Center, Adventure Aquarium, and Ferry Terminal office building.

Location Map



Market Overview

The subject property is within the City of Camden and within the Camden County. The subject is known as the Camden Aerospace Center aka the L-3 Communications Facility, which is comprised of two separate buildings on one parcel of land. There is a 350,000 SF, three-story office building and a 225,000 SF manufacturing building that is part one story and part two story. The manufacturing building also has approximately 29% finished office space. Both buildings are located on a 21.126 acre parcel, known as Block 73 Lots 1, 73, 76, 142, 143, and 144.

Industrial Market

The subject property is part of the Southern New Jersey and Camden County Industrial market. Industrial statistics are presented on the charts below.

PHILADELPHIA - THIRD QUARTER 2013

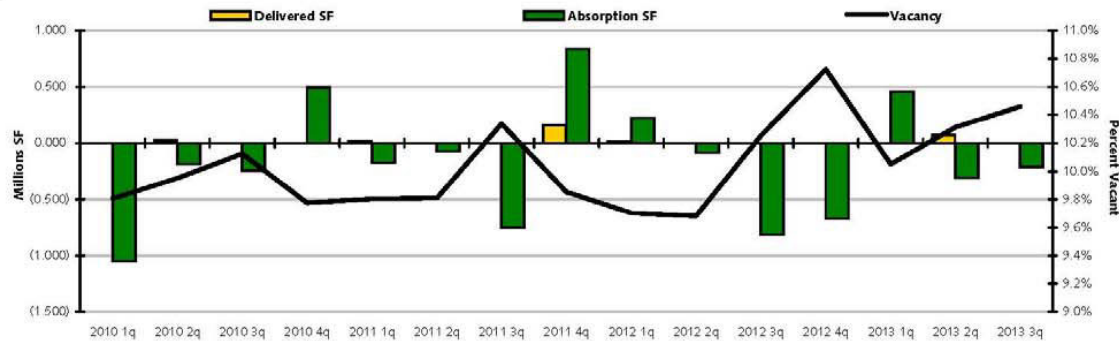


PHILADELPHIA INDUSTRIAL MARKET

SOUTHERN NEW JERSEY MARKET

MARKET HIGHLIGHTS - FLEX & WAREHOUSE

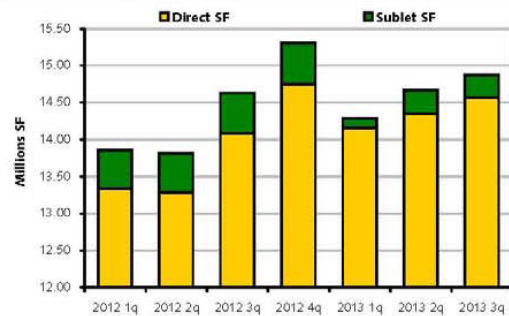
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



Source: CoStar Property®

VACANT SPACE

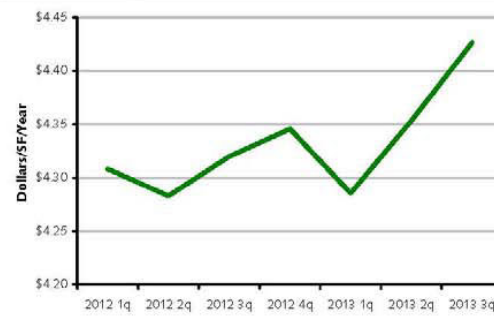
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 3q	3,328	142,231,710	14,875,320	10.5%	(209,692)	0	0	0	0	\$4.43
2013 2q	3,328	142,231,710	14,665,628	10.3%	(309,402)	1	70,000	0	0	\$4.35
2013 1q	3,327	142,161,710	14,286,226	10.0%	453,894	0	0	1	70,000	\$4.29
2012 4q	3,328	142,726,134	15,304,544	10.7%	(672,338)	0	0	1	70,000	\$4.35
2012 3q	3,328	142,726,134	14,632,206	10.3%	(815,369)	0	0	0	0	\$4.32
2012 2q	3,328	142,726,134	13,816,837	9.7%	(87,791)	0	0	0	0	\$4.28
2012 1q	3,329	142,856,749	13,859,661	9.7%	222,560	1	9,840	0	0	\$4.31
2011 4q	3,328	142,846,909	14,072,381	9.9%	836,872	1	160,855	1	9,840	\$4.29
2011 3q	3,327	142,686,054	14,748,398	10.3%	(752,502)	0	0	2	170,695	\$4.29
2011 2q	3,327	142,686,054	13,995,896	9.8%	(72,773)	0	0	1	160,855	\$4.25
2011 1q	3,328	142,759,164	13,996,233	9.8%	(174,944)	1	16,800	1	160,855	\$4.28
2010 4q	3,330	142,906,034	13,968,159	9.8%	497,799	0	0	2	177,655	\$4.27
2010 3q	3,331	142,907,114	14,467,038	10.1%	(245,735)	0	0	2	177,655	\$4.33
2010 2q	3,331	142,907,114	14,221,303	10.0%	(187,170)	1	24,000	1	16,800	\$4.33
2010 1q	3,330	142,883,114	14,010,133	9.8%	(1,051,231)	0	0	2	40,800	\$4.36
2009 4q	3,331	142,935,114	13,010,902	9.1%	(113,698)	1	110,000	1	24,000	\$4.59

Source: CoStar Property®

The Southern New Jersey Industrial market shown above contains flex and warehouse building data. In Q3-2013 vacancy was 10.5% and quoted rental rates averaged \$4.43/SF. Since 2010 vacancy rates have been 9.7% to 10.7%, and in the past five quarters have been 10% or higher. Since 2010 rental rates (\$/SF/year) have been \$4.25 to \$4.43, with the most recent quarter reflecting the highest rate.

The table below contains Camden County data. As shown, in Q3-2013 the vacancy rate was 8.3% and the average rental rate was \$3.67/SF. In 2011 and 2012 rental rates were \$3.40-\$3.69, and rates increased to over \$3.70 in 2013. Vacancy rates in 2011 and 2012 were 8.9% to 10.2%, and decreased to below 8.5% in 2013. The most recent data, quarter to date, shows the market is improving with a decreased vacancy rate and an increased rental rate.

Camden County Industrial Market							
Source: CoStar Properties Database Analytical Search							
Period	# Bldgs	Total RBA	Vacancy %	Net Absorption	RBA Delivered	RBA Under Const	Total Average Rate
QTD	975	39,880,831	7.7%	206,909	0	0	\$3.77/nnn
2013 3Q	974	39,879,531	8.3%	13,057	0	0	\$3.67/nnn
2013 2Q	974	39,879,531	8.3%	74,144	0	0	\$3.68/nnn
2013 1Q	974	39,879,531	8.5%	188,149	0	0	\$3.72/nnn
2012 4Q	974	39,879,531	8.9%	521,234	0	0	\$3.66/nnn
2012 3Q	974	39,879,531	10.2%	(287,188)	0	0	\$3.63/nnn
2012 2Q	976	39,902,687	9.6%	(179,335)	0	0	\$3.69/nnn
2012 1Q	977	40,033,302	9.4%	186,382	0	0	\$3.63/nnn
2011 4Q	977	40,033,302	9.9%	(52,324)	0	0	\$3.64/nnn
2011 3Q	977	40,033,302	9.8%	140,669	0	0	\$3.56/nnn
2011 2Q	977	40,033,302	10.1%	(238,068)	0	0	\$3.40/nnn
2011 1Q	978	40,106,412	9.7%	(514,200)	0	0	\$3.40/nnn
2010 4Q	980	40,167,652	8.5%	492,780	0	0	\$3.46/nnn
2010 3Q	982	40,242,652	9.9%	(445,897)	0	0	\$3.84/nnn
2010 2Q	982	40,242,652	8.8%	(191,103)	0	0	\$3.85/nnn
2010 1Q	982	40,242,652	8.4%	(637,275)	0	0	\$3.91/nnn

The table below contains industrial data for the City of Camden. As shown, in Q3-2013 the vacancy rate was 3.0% and the average rental rate was \$6.60/SF. In 2011 and 2012 rental rates were \$2.81-\$5.35, and rates increased to over \$6.00 in 2013. Vacancy rates in 2011 and 2012 were 2.9% to 4.0%, and were at or below 3.1% in 2013. The most recent data, quarter to date, shows the market is improving with a reduced vacancy rate.

The City of Camden has a superior industrial market compared to the County overall, based on vacancy and rental rates.

City of Camden Industrial Submarket Source: CoStar Properties Database Analytial Search							
Period	# Bldgs	Total RBA	Total Vacant %	Total Net Absorption	RBA Delivered	RBA Under Const	Total Average Rate
QTD	220	8,462,775	1.6%	120,300	0	0	\$6.60/nnn
2013 3Q	219	8,461,475	3.0%	(15,600)	0	0	\$6.60/nnn
2013 2Q	219	8,461,475	2.9%	22,900	0	0	\$6.60/nnn
2013 1Q	219	8,461,475	3.1%	(4,200)	0	0	\$5.35/nnn
2012 4Q	219	8,461,475	3.1%	3,126	0	0	\$5.35/nnn
2012 3Q	219	8,461,475	3.1%	(42,600)	0	0	\$5.35/nnn
2012 2Q	221	8,484,631	2.9%	19,844	0	0	\$5.35/nnn
2012 1Q	221	8,484,631	3.1%	71,900	0	0	\$5.35/nnn
2011 4Q	221	8,484,631	4.0%	(8,700)	0	0	\$5.35/nnn
2011 3Q	221	8,484,631	3.9%	300	0	0	\$5.35/nnn
2011 2Q	221	8,484,631	3.9%	(76,000)	0	0	\$3.63/nnn
2011 1Q	222	8,557,741	3.8%	(191,910)	0	0	\$2.81/nnn
2010 4Q	222	8,557,741	1.6%	96,257	0	0	\$3.63/nnn
2010 3Q	224	8,632,741	3.5%	73,200	0	0	\$3.98/nnn
2010 2Q	224	8,632,741	4.4%	8,025	0	0	\$4.00/nnn
2010 1Q	224	8,632,741	4.5%	14,895	0	0	\$5.10/nnn

3Q13 PHILADELPHIA INDUSTRIAL MARKET

Newmark Grubb Knight Frank

Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	WH/Dist Asking Rent (Price/SF)	R&D/Flex Asking Rent (Price/SF)	Total Market Asking Rent (Price/SF)
Southern NJ	94,424,658	-	11.8%	204,447	214,306	\$3.79	\$5.56	\$4.19
Burlington County	37,463,938	-	13.2%	-325,306	-549,740	\$4.10	\$6.13	\$4.42
Camden County	32,258,324	-	8.8%	547,154	773,404	\$3.05	\$5.10	\$3.86
Gloucester County	24,702,396	-	13.7%	-17,401	-9,358	\$3.75	\$4.48	\$4.16

The table above contains Newmark Grubb Knight Frank third quarter 2013 industrial data for the southern New Jersey market. In this market the vacancy rate is 11.8% and average asking rent is \$4.19/SF. In the Camden County submarket, rates are 8.8% and \$3.86/SF.

The table below contains Jones Lang LaSalle third quarter 2013 industrial data for the Philadelphia market. Within the southern New Jersey submarket the vacancy rate is 13.3%.

Jones Lang LaSalle • Philadelphia Logistics Outlook • Q3 2013

Market	Number of buildings	Total stock* (s.f.)	YTD net absorption	Vacancy rate	Availability rate	Unemployment rate
Central Pennsylvania	344	113,469,175	4,390,194	8.4%	14.7%	8.0%
Lehigh Valley	205	64,258,382	1,456,212	5.6 %	7.6%	7.8%
I-81	202	61,027,904	637,514	8.3%	16.6%	9.3%
Suburban Philadelphia	230	53,192,807	353,066	6.6%	10.3%	7.0%
Urban Philadelphia	104	25,166,511	(311,575)	8.5%	13.8%	10.8%
Southern New Jersey	246	58,242,839	1,639,147	13.3%	18.3%	9.7%
Delaware	73	15,414,189	179,356	10.5%	17.7%	7.5%
TOTAL	1,404	390,771,807	8,343,914	8.5%	13.8%	8.5%

*Only includes leased and owned warehouse/distribution assets greater than or equal to 100,000 square feet

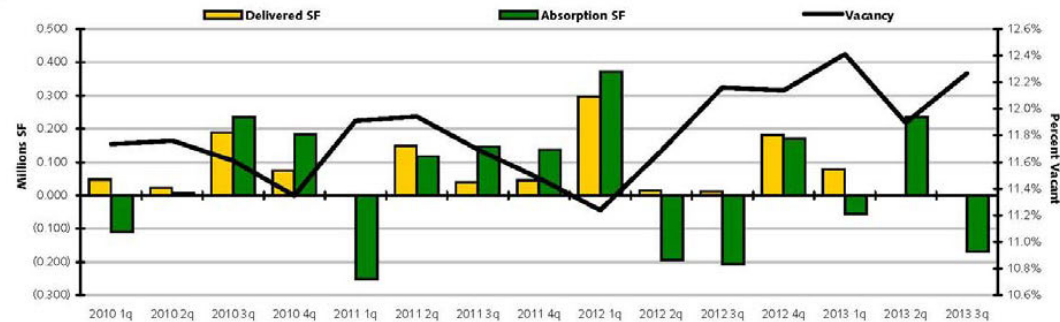
In summary, the industrial surveys reflect Q3-2013 southern New Jersey vacancy rates of 10.5%, 11.8%, and 13.3%, and rental rates of \$4.19/SF and \$4.43/SF. Camden County vacancy rates are shown to be 8.3% and 8.8%, while rental rates are \$3.67/SF and \$3.86/SF. The vacancy and rental rates in Camden City are reported to be 3% and \$6.60/SF.

Office Market

Office market statistics are presented below.

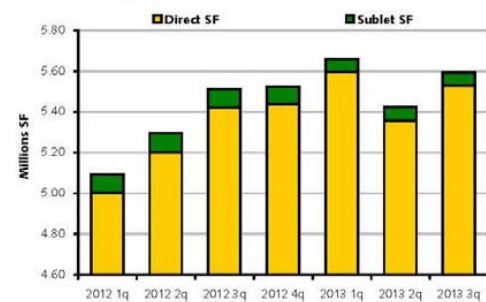


DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



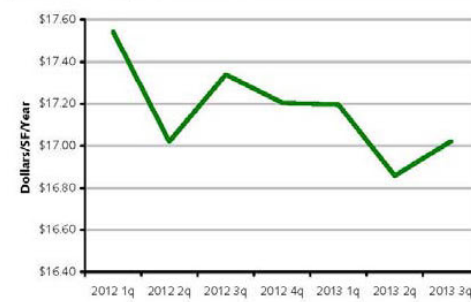
Source: CoStar Property®

VACANT SPACE Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 3q	3,963	45,588,412	5,592,563	12.3%	(169,452)	0	0	2	22,500	\$17.02
2013 2q	3,963	45,588,412	5,423,111	11.9%	234,963	0	0	2	22,500	\$16.86
2013 1q	3,963	45,588,412	5,658,074	12.4%	(55,876)	1	78,503	1	12,500	\$17.20
2012 4q	3,962	45,509,909	5,523,695	12.1%	169,802	1	181,236	1	78,503	\$17.20
2012 3q	3,961	45,328,673	5,512,261	12.2%	(207,631)	1	11,899	2	259,739	\$17.34
2012 2q	3,961	45,318,568	5,294,525	11.7%	(194,627)	2	14,290	2	193,135	\$17.02
2012 1q	3,960	45,310,585	5,091,915	11.2%	372,178	2	296,860	4	207,425	\$17.54
2011 4q	3,958	45,013,725	5,167,233	11.5%	137,091	5	46,022	6	504,285	\$17.57
2011 3q	3,953	44,967,703	5,258,302	11.7%	145,877	3	38,983	10	538,408	\$17.80
2011 2q	3,950	44,928,720	5,365,196	11.9%	117,374	2	148,537	11	563,101	\$17.51
2011 1q	3,948	44,780,183	5,334,033	11.9%	(252,494)	0	0	9	508,302	\$17.86
2010 4q	3,948	44,780,183	5,081,539	11.3%	182,966	3	74,600	4	445,397	\$17.03
2010 3q	3,945	44,705,583	5,189,905	11.6%	234,843	7	189,054	7	519,997	\$17.43
2010 2q	3,938	44,516,529	5,235,694	11.8%	7,724	4	22,850	10	366,154	\$17.44
2010 1q	3,934	44,493,679	5,220,568	11.7%	(109,649)	5	47,421	13	377,904	\$18.01
2009 4q	3,929	44,446,258	5,063,498	11.4%	366,079	6	272,910	14	347,771	\$17.78

Source: CoStar Property®

The Southern New Jersey Office market shown above contains building data of all classes. In Q3-2013 vacancy was 12.3% and quoted rental rates averaged \$17.02/SF. Since 2010 vacancy rates have been 11.2% to 12.4%, and in the past five quarters rates have been at a high of 12% or higher. Since 2010 rental rates (\$/SF/year) have been \$16.86 to \$18.01, with rates having a downward trend after 2011.

The table below contains Camden County data. As shown, in Q3-2013 the vacancy rate was 15.2% and the average rental rate was \$16.35/SF. In 2011 and 2012 rental rates were \$16.29-\$17.41, and rates stayed in the \$16.30's in 2013. Vacancy rates in 2011 and 2012 were 12.4% to 14.8%, and increased in 2013 from the previous years. The most recent data, quarter to date, shows the market is not improving with vacancy rate and rental rate that are inferior to Q2-2013.

Camden County Office Market							
Source: CoStar Properties Database Analytical Search							
Period	# Bldgs	Total RBA	Total Vacant %	Total Net Absorption	RBA Delivered	RBA Under Const	Total Average Rate
QTD	1,710	17,873,461	15.0%	31,212	0	18,509	\$16.34/fs
2013 3Q	1,697	17,838,936	15.2%	(148,556)	0	12,500	\$16.35/fs
2013 2Q	1,697	17,838,936	14.4%	57,647	0	12,500	\$16.38/fs
2013 1Q	1,698	17,848,336	14.7%	(51,118)	0	12,500	\$16.31/fs
2012 4Q	1,699	17,914,572	14.8%	(163,497)	0	0	\$16.37/fs
2012 3Q	1,699	17,914,572	13.9%	(99,855)	0	0	\$16.29/fs
2012 2Q	1,699	17,914,572	13.3%	(59,640)	0	0	\$16.33/fs
2012 1Q	1,699	17,910,879	13.0%	161,306	302,360	10,000	\$16.50/fs
2011 4Q	1,698	17,618,519	12.4%	46,895	21,922	302,360	\$16.68/fs
2011 3Q	1,696	17,596,597	12.6%	94,144	0	324,282	\$17.38/fs
2011 2Q	1,696	17,596,597	13.1%	(17,755)	2,537	314,282	\$17.27/fs
2011 1Q	1,695	17,594,060	13.0%	(90,051)	0	316,819	\$17.41/fs
2010 4Q	1,695	17,594,060	12.5%	89,484	63,500	294,897	\$17.40/fs
2010 3Q	1,695	17,535,111	12.7%	234,478	147,500	358,397	\$17.34/fs
2010 2Q	1,693	17,387,611	13.3%	6,599	0	167,500	\$17.53/fs
2010 1Q	1,693	17,387,611	13.4%	(119,999)	10,000	167,500	\$17.66/fs

The table below contains office data for the City of Camden. As shown, in Q3-2013 the vacancy rate was 14.7% and the average rental rate was \$19.21/SF. In 2011 and 2012 rental rates were \$18.98-\$19.89, and rates stayed in the \$19.20's in 2013. Vacancy rates in 2011 and 2012 were 9.4% to 15.3%, and were in the high 14%'s in 2013. The most recent data, quarter to date, shows the market is similar to that of Q2-2013.

Comparing the City of Camden's office market to the County overall, the 2013 vacancy rates are similar, but the City has higher rental rates.

City of Camden Office Submarket							
Source: CoStar Property Database Analytical Search							
Period	# Bldgs	Total RBA	Total Vacant %	Total Net Absorption	RBA Delivered	RBA Under Const	Total Average Rate
QTD	152	2,899,499	14.7%	(2,012)	0	0	\$19.20/fs
2013 3Q	152	2,899,499	14.7%	6,760	0	0	\$19.21/fs
2013 2Q	152	2,899,499	14.9%	0	0	0	\$19.20/fs
2013 1Q	152	2,899,499	14.9%	6,672	0	0	\$19.25/fs
2012 4Q	152	2,899,499	15.1%	(13,203)	0	0	\$19.59/fs
2012 3Q	152	2,899,499	14.7%	18,980	0	0	\$19.00/fs
2012 2Q	152	2,899,499	15.3%	(344)	0	0	\$18.98/fs
2012 1Q	152	2,899,499	15.3%	(160,910)	0	0	\$19.89/fs
2011 4Q	152	2,899,499	9.8%	(7,400)	0	0	\$19.85/fs
2011 3Q	152	2,899,499	9.5%	(1,265)	0	0	\$19.71/fs
2011 2Q	152	2,899,499	9.5%	(2,751)	0	0	\$19.64/fs
2011 1Q	152	2,899,499	9.4%	7,200	0	0	\$19.66/fs
2010 4Q	152	2,899,499	9.6%	14,800	0	0	\$19.64/fs
2010 3Q	154	2,904,050	10.3%	3,349	0	0	\$20.81/fs
2010 2Q	154	2,904,050	10.4%	14,900	0	0	\$20.97/fs
2010 1Q	154	2,904,050	10.9%	(6,900)	0	0	\$20.94/fs

The table below contains City of Camden office data for Class A office buildings. The Q3-2013 vacancy and rental rates are 2.7% and \$28.82/SF. This is significantly superior to the office market overall.

City of Camden, Class A Office Buildings Submarket							
Source: Costar Properties Database Analytical Search							
Period	# Bldgs	Total RBA	Total Vacant %	Total Net Absorption	RBA Delivered	RBA Under Const	Total Average Rate
QTD	6	715,536	2.7%	0	0	0	\$28.82/fs
2013 3Q	6	715,536	2.7%	7,460	0	0	\$28.82/fs
2013 2Q	6	715,536	3.8%	0	0	0	\$28.82/fs
2013 1Q	6	715,536	3.8%	0	0	0	\$28.82/fs
2012 4Q	6	715,536	3.8%	(4,108)	0	0	\$28.82/fs
2012 3Q	6	715,536	3.2%	0	0	0	\$23.76/fs
2012 2Q	6	715,536	3.2%	0	0	0	\$23.76/fs
2012 1Q	6	715,536	3.2%	0	0	0	\$23.76/fs
2011 4Q	6	715,536	3.2%	(8,000)	0	0	\$23.25/fs
2011 3Q	6	715,536	2.1%	(2,050)	0	0	\$30.53/fs
2011 2Q	6	715,536	1.8%	0	0	0	\$30.53/fs
2011 1Q	6	715,536	1.8%	0	0	0	\$30.53/fs
2010 4Q	6	715,536	1.8%	0	0	0	\$30.53/fs
2010 3Q	6	715,536	1.8%	0	0	0	\$30.60/fs
2010 2Q	6	715,536	1.8%	13,800	0	0	\$30.60/fs
2010 1Q	6	715,536	3.7%	(4,500)	0	0	\$31.50/fs

3Q13
SOUTHERN NJ OFFICE MARKET
Newmark Grubb Knight Frank

Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Cherry Hill	3,804,501	-	24.8%	-39,850	-119,219	\$24.52	\$19.60	\$21.13
Collingswood/Westmont/ Pennsauken	1,745,888	-	25.9%	-9,860	8,665	\$24.73	\$20.63	\$20.16
Marlton	2,571,586	-	11.1%	19,994	63,011	\$22.29	\$21.26	\$21.70
Moorestown/Delran/Burlington	2,108,977	21,000	11.7%	-6,604	55,480	\$26.00	\$24.60	\$24.01
Mount Laurel	6,111,739	-	11.7%	32,472	110,244	\$25.03	\$17.65	\$20.67
Voorhees/Gibbsboro	1,548,493	-	31.4%	-43,563	-61,704	\$24.00	\$21.81	\$22.12
Southern NJ Total	17,891,184	21,000	17.5%	-47,411	56,477	\$24.28	\$20.38	\$21.24

The table above contains Newmark Grubb Knight Frank third quarter 2013 office data for the southern New Jersey market. In this market the vacancy rate is 17.5% and average asking rent is \$21.24/SF.

The table below contains Jones Lang LaSalle third quarter 2013 office data for the Philadelphia market. Within the southern New Jersey submarket the vacancy rate is 17.2% and average asking rent is \$18.19/SF.



Office Statistics

Philadelphia . Q3 2013

	YTD completion (sf)	Inventory (sf)	Direct net absorption (sf)	YTD direct net absorption (sf)	Total net absorption (sf)	YTD total net absorption (sf)	YTD total net absorption (% of stock)	Direct vacancy (sf)	Direct vacancy (%)	Total vacancy (sf)	Total vacancy (%)	Average asking rent (\$ psf)	Under construction / renovation (sf)
Philadelphia CBD													
Class A	302,086	32,636,552	59,621	-145,076	105,864	-109,532	-0.3%	3,807,414	11.7%	3,969,755	12.2%	\$27.88	272,700
Class B	0	13,363,374	52,339	121,543	56,330	128,187	1.0%	1,564,377	11.7%	1,612,116	12.1%	\$23.06	0
Totals	302,086	45,999,926	111,960	-23,533	162,194	18,656	0.0%	5,371,791	11.7%	5,581,871	12.1%	\$26.48	272,700
Philadelphia Suburbs													
Class A	342,000	29,781,062	24,028	260,263	37,969	173,270	0.6%	3,551,709	11.9%	3,845,720	12.9%	\$28.02	664,315
Class B	0	24,916,224	45,905	299,285	124,881	397,328	1.6%	5,286,124	21.2%	5,446,756	21.9%	\$22.53	0
Totals	342,000	54,697,286	69,933	559,548	162,850	570,598	1.0%	8,837,833	16.2%	9,292,476	17.0%	\$25.52	664,315
Northern Delaware													
Class A	0	7,667,958	29,699	119,982	29,699	120,902	1.6%	1,093,437	14.3%	1,108,346	14.5%	\$27.93	0
Class B	0	6,543,712	-88,409	-170,588	-88,409	-163,705	-2.5%	1,468,505	22.4%	1,482,614	22.7%	\$21.30	0
Totals	0	14,211,670	-58,710	-50,606	-58,710	-42,803	-0.3%	2,561,942	18.0%	2,590,960	18.2%	\$24.88	0
Southern New Jersey													
Class A	0	4,543,081	58,273	112,323	62,397	130,109	2.9%	489,696	10.8%	489,696	10.8%	\$19.42	0
Class B	0	8,449,052	-168,966	-197,218	-167,974	-189,181	-2.2%	1,564,842	18.5%	1,745,928	20.7%	\$17.53	0
Totals	0	12,992,133	-110,693	-84,895	-105,577	-59,072	-0.5%	2,054,538	15.8%	2,235,624	17.2%	\$18.19	0

In summary, the office surveys reflect Q3-2013 southern New Jersey vacancy rates of 12.3%, 17.2%, and 17.5%, and rental rates of \$17.02/SF, \$18.19, and \$21.24/SF. The Camden County vacancy rate is shown to be 15.2%, while the rental rate is \$16.35/SF. The vacancy and rental rates in Camden City are reported to be 14.7% and \$19.21/SF. Class A office rates within Camden City are 2.7% vacancy and \$28.82/SF average rent.

The subject represents a more relatively modern office and industrial facility, superior to most of the office and industrial product within the City, and competes well within the Camden. Camden City is located within proximity to a variety of major routes of transportation including Route 676, 76, 42, 95, and 30 and major shipping ports. However, the location is inferior other areas in Southern New Jersey that have superior access and proximity to amenities. Private investment is not strong within the City and redevelopment is occurring primarily due to public investment.

Description of the Real Estate Appraised:

Site Description: The subject consists of a parcel containing a land area of approximately 21.126 acres which generally rectangular. It offers adequate frontage along Market Street, Delaware Avenue, 3rd Street, and Federal Street and is mostly level to gently sloping and cleared.

Site improvements include asphalt-paved surface parking, site lighting, underground utilities, and landscaping. The physical characteristics are summarized as follows:

LAND DESCRIPTION

Block/Lot:	73/1, 73, 76, 142, 143, and 144	
Site Size:	21.126 Acres	920,249 SF (acreage x 43,560)
Topography:	Level at street grade	
Street Frontage	Federal Street	1,230 '
	Market Street	1,229 '
	Delaware Avenue	845 '
	3rd Street	<u>611 '</u>
	Total	3,916 '
Access	Good; Accessible from both Market and Federal Street	
Shape	Slightly Irregular, but Generally Rectangular	
Flood Zone	According to Flood Map Panel 34007C0009E dated 9/28/2007, the property appears to be mostly located in Moderate to High Flood Risk.	
Utilities	<u>Public Utilities</u>	
	Water	Yes
	Sewer	Yes
	Electric	Yes
	Gas	Yes
Easements/ Encumbrances:	There were no easements noted on the tax map. Typical utility easements are assumed to exist.	
Environmental Contamination:	The appraised market value assumes that no type of environmental contamination is present at the property or within proximity to the subject site.	

SITE IMPROVEMENTS

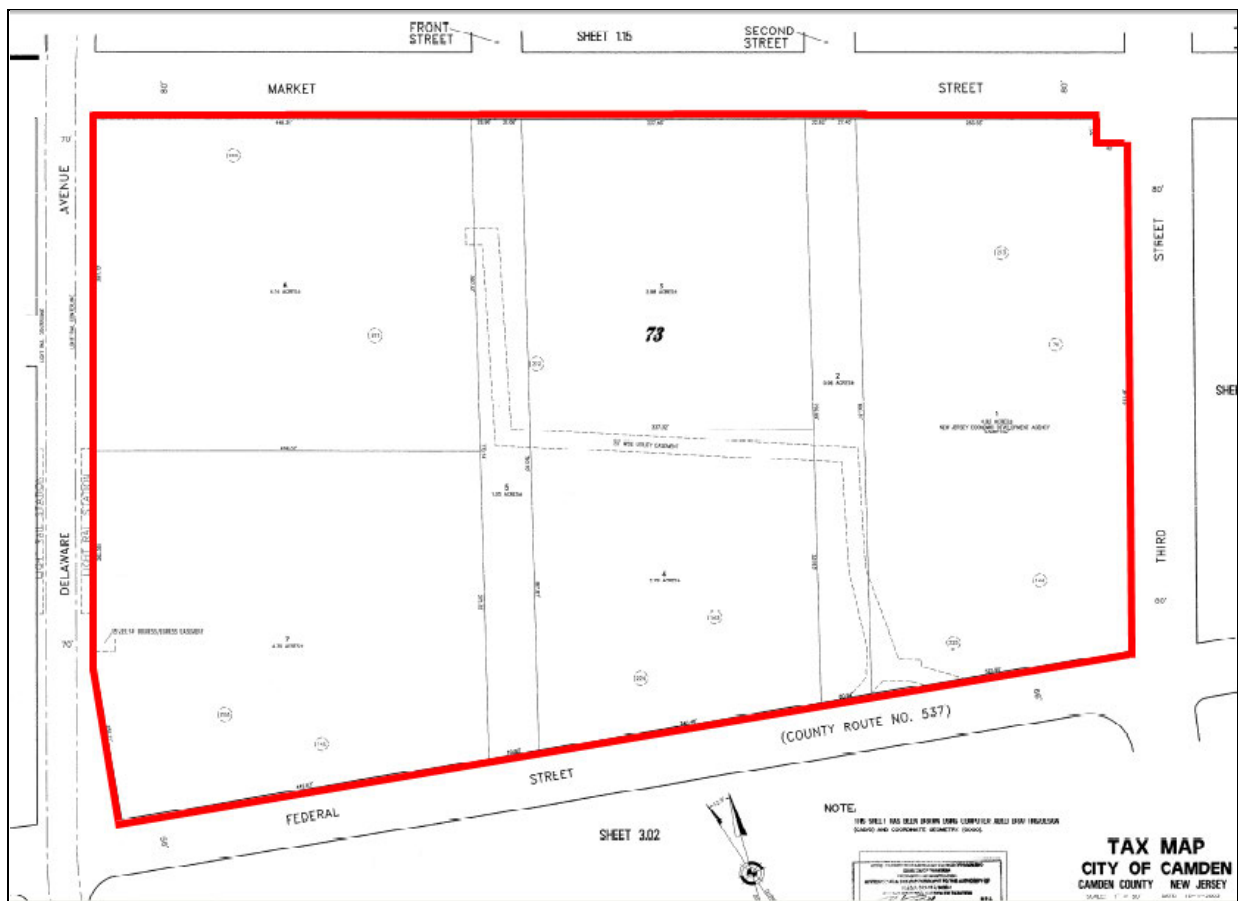
Drainage:	Appears adequate	
Signage:	Average	
Site Landscaping:	Typical	
Site Lighting:	Appears adequate	
Parking	Paved parking on-site	
Off-street Parking Spaces:	1,258	Surface Spaces (restriped approx. 1 year ago)
	<u>0</u>	Garage Spaces
	1,258	Total Off-street Parking Spaces
Parking Ratio	2.2 spaces per 1,000 SF of Bldg.	

Excess Land: The subject's parking ratio of 2.2 spaces/1,000 SF is relatively low for an office building (e.g., the new Ferry Terminal Building has a ratio of 4.6 space/1,000 SF); however, the subject property contains approximately 28% light manufacturing space. Industrial use might require less parking. Also, the ratio is similar to the ratio at the adjacent Waterfront Tech building (also 2.2 spaces/1,000 SF).

Ownership indicates that additional development of the site would require construction of a parking structure. A tenant representative indicates that there is adequate parking for the current use.

Given the current state of the market, it is unlikely that a potential purchaser of the property would ascribe any value to additional development potential with a parking structure. Therefore, it is concluded that no excess land exists.

Tax Map



Aerial Map



Flood Map



Building Descriptions: The subject consists of two buildings, a 3-story office building and a one and part two story manufacturing facility (referred to as the Ops building). The square footage is broken down as follows:

Square Footage		
	SF	% of Total
Office (A&E)	350,000	60.9%
Office (Ops)	64,600	11.2%
Light Manufacturing (Ops)	160,400	27.9%
Total SF	575,000	100.0%

<i>Office vs. Light Manufacturing (Ops Building)</i>		
<u>Ops Building</u>		
Office (Ops)	64,600	29%
Light Manufacturing (Ops)	160,400	71%
Total	225,000	100%

The subject in total is 72% office and 28% industrial. The industrial building is 29% office space. The physical characteristics of each building are summarized as follows:

**A&E BUILDING
CONSTRUCTION
CHARACTERISTICS**

Number of Buildings:	1
Year Built:	1992
Building Area:	350,000 SF
1st Floor Layout:	<p>Entrance - Vestibule, lobby, elevator lobby with 4 passenger elevators, 2 powder rooms (men's and women's)</p> <p>Tenant Space - Southwest (SW), Northwest (NW), Core ©, Northeast (NE), and Southeast (SE).</p> <p>Between the SW and NW tenant space there are 2 restrooms: Men's (4 stalls, 2 urinals, 5 sinks) and women's (7 stalls and 6 sinks).</p> <p>The tenant space core offers an exit/entry to Market Street.</p> <p>The NE and SE tenant space offers 2 restrooms: men's (3 stalls, 2 urinals, 3 sinks) and women's (5 stalls and 4 sinks). Additionally, this easterly side offers a switchgear room, mechanical room, storage, telephone closet, service elevator, elevator machine room, receiving area (with 2, 6' x 8' hydraulic leveler doors) and a generator room.</p>
2nd & 3rd Floor Layout:	<p>Each floor offers a similar layout. Tenant Space - SW, NW, C, NE, and SE</p> <p>Between the SW and NW tenant space there are 2 restrooms: Men's (10 stalls, 6 urinals, 9 sinks) and women's (5 stalls and 4 sinks).</p> <p>The NE and SE tenant space offers 2 restrooms: men's (8 stalls, 3 urinals, 5 sinks) and women's (5 stalls and 3 sinks). Additionally, this easterly side offers an electrical closet, service elevator, janitor closet and communications room.</p> <p>Additionally, the 3rd floor offers a large mechanical room.</p>
Stories:	3
Foundation:	Poured concrete slab with poured concrete footings.
Structural Frame:	Fireproof Steel
Exterior Walls:	Decorative concrete block over steel frame.
Roof:	Flat, corrugated steel with composition membrane and stone slag overlay.
Floors:	Steel/Concrete; Carpet; Tile
Interior Fit out:	<p>The entry and vestibule area of the 1st floor offered tile flooring, painted wallboard, vinyl trim, and acoustical tile ceilings.</p> <p>The building has a full service cafeteria, and an auditorium style conference center. Each floor has 3 to 5 kitchenettes, and several restrooms. Much of the office area is open space currently occupied by cubicles, with some enclosed offices at the walls. Conference rooms are throughout the floors.</p> <p>The tenant spaces offer concrete floors, unpainted wallboard, and exposed ceilings.</p> <p>The restrooms were finished with ceramic tile flooring painted wallboard, ceramic base trim, and acoustical tile ceilings.</p> <p>Other areas including the janitor's closet, mechanical rooms, and receiving area offered concrete floors, unpainted wallboard, and exposed ceilings, which is typical of these areas.</p> <p>Distribution of electrical, mechanical, fire safety, and communication systems were not included.</p>
Windows/Doors:	Typical for a good quality office building
Lighting:	Recessed fluorescent lighting
Basement:	None
HVAC Systems:	Electric forced air heat and air conditioning
Plumbing:	Appears adequate for use with restroom facilities on each floor
Electrical:	Appears adequate for use
Fire Protection:	Smoke and heat detection; 100% wet sprinkler system
Other Special Features:	4 passenger and 1 freight elevators; Some computer lab areas with extra air conditioning and raised flooring.

**OPERATIONS BUILDING
CONSTRUCTION
CHARACTERISTICS**

Number of Buildings:	1
Year Built:	1992
Net Rentable Area:	250,000 SF
Building Layout:	Entrance - Vestibule, lobby, security area, and 2 powder rooms (men's and women's). 1st Floor: Tenant Space - South (S), North (N), High Bay South (HBS), and High Bay North (HBN). Clear ceiling height within the high bay areas is 24'. Within the tenant space South there are 4 restrooms: 2 men's (2 stalls, 1 urinal, 3 sinks) and 2 women's (3 stalls and 3 sinks). Within the tenant space North there are 2 restrooms: 2 men's (2 stalls, 1 urinal, 3 sinks) and 2 women's (3 stalls and 3 sinks). The HBS offers 4 loading docks (8' x 10' hydraulic leveler doors) and 1 drive-in with ramp (11.5' x 12'). 2nd Floor: Tenant Space - South (S) and North (N). There are 2 restrooms: men's (2 stalls, 1 urinal, 3 sinks) and women's (4 stalls and 4 sinks).
Stories:	1-2
Foundation:	Masonry foundation
Structural Frame:	Steel
Exterior Walls:	Single-pane reflective glazing in an aluminum curtain wall frame system with neoprene-gasket waterproofing system.
Roof:	Corrugated metal decking, concrete topping and a multi-ply roofing system overlaid with polymer coating system with granule surface.
Floors:	Steel/ Epoxy covered concrete; Carpet; Tile
Interior Fit-out:	Based information provided by a representative for the tenant, there is approximately 64,600 SF (29%) finished 2-story office area. The office space contains large open spaces and perimeter offices, laboratory space, and kitchenettes and conference rooms throughout. There is a cafeteria with seating only, not a kitchen. Tenant High Bay Space - concrete flooring, unpainted wallboard, painted exposed construction ceilings. Restrooms - ceramic tile floors, painted wallboard, ceramic base trim, and acoustical tile ceilings. Distribution of electrical, mechanical, fire safety, and communication systems were not included.
Windows/Doors:	Typical for a good quality industrial building
Lighting:	Fluorescent lighting
Basement:	None
HVAC Systems:	Electric forced air heat and air conditioning
Plumbing:	Appears adequate for use with restroom facilities on each floor
Electrical:	Appears adequate for use
Fire Protection:	Smoke and heat detection; 100% wet sprinkler system
Other Special Features:	1 passenger elevator; 100% heated and air-conditioned & humidity control; 4 loading docks with levelers and 1 ramp.

Age & Condition

18 years old, appears well maintained with an effective age of approximately 15 years. Some of the HVAC units have been replaced in the Ops building with the balance slated for replacement in the near future. The tenant recently repaved the parking lot, made repairs to the sidewalk, replaced carpeting as needed, and replaced some of the HVAC chillers in both buildings.

Planned work to the subject includes significant concrete work, which would make the subject ADA compliant. The tenant stated an ADA assessment was recently completed which sited minor items, but which would result in large concrete work.

Depreciation

Physical Depreciation

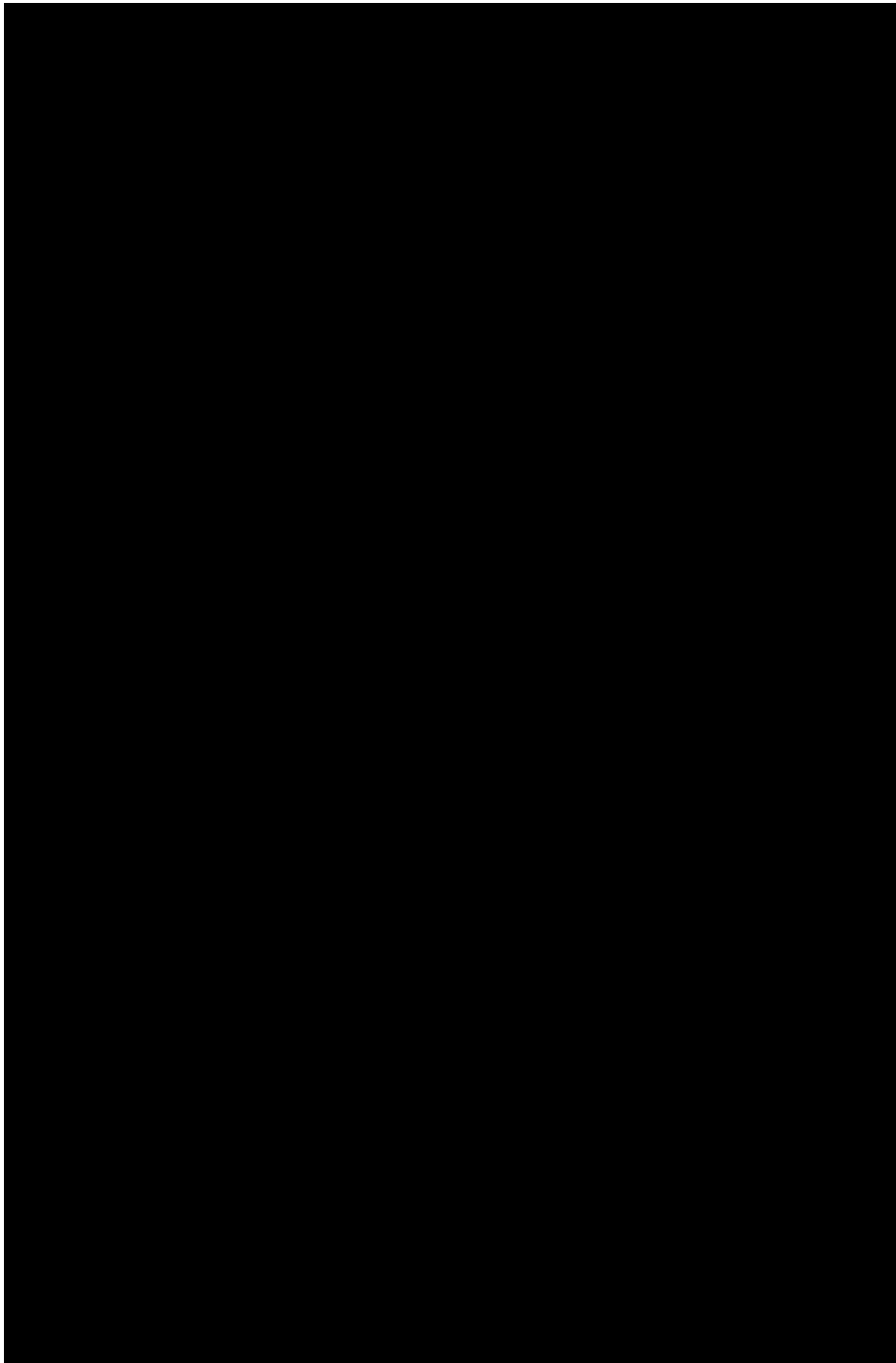
The improvements show minimal signs depreciation due to the age. Overall, the improvements have been well maintained and are considered to be in good condition.

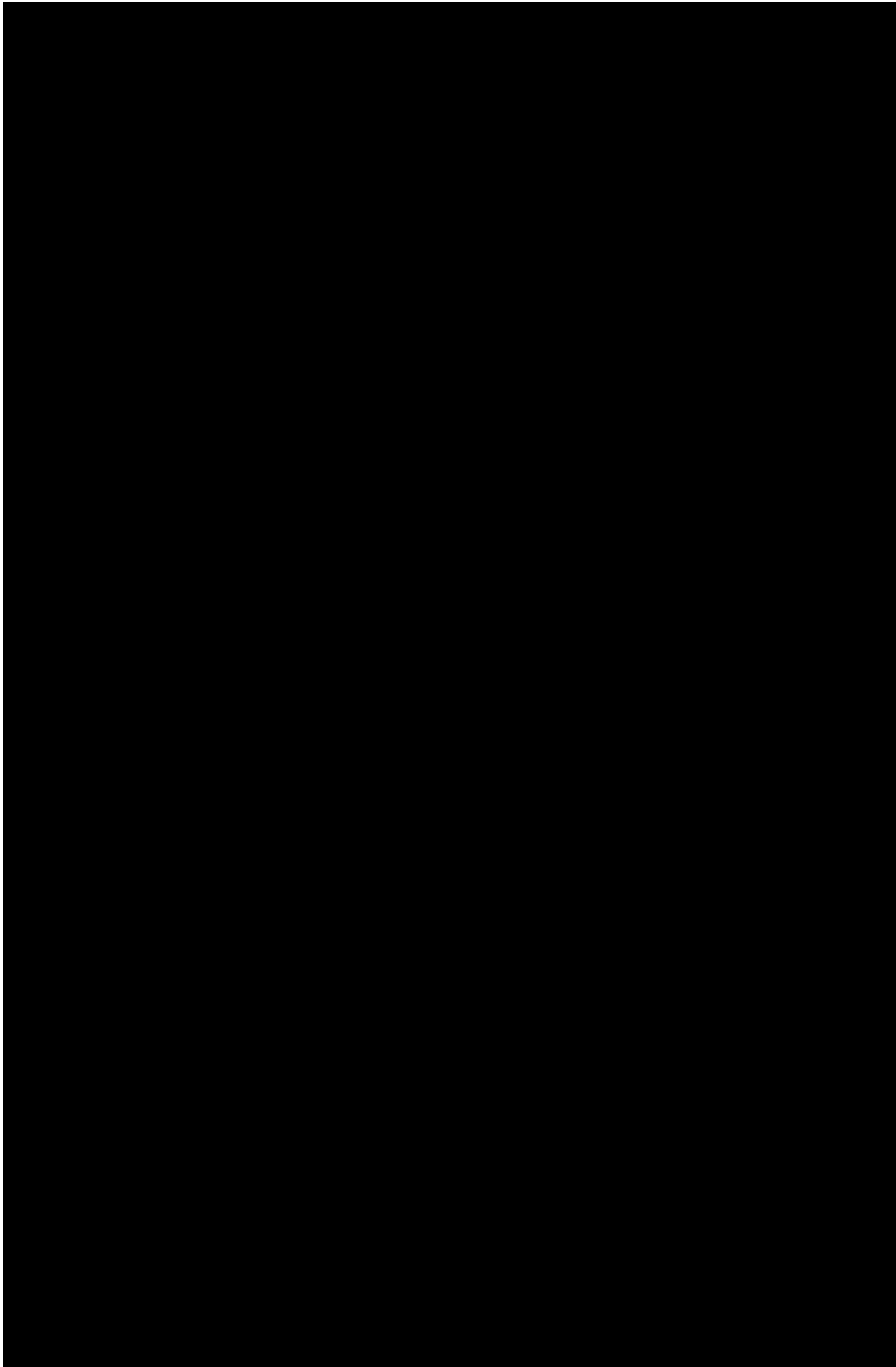
External Obsolescence

The subject property suffers from external obsolescence due to the weakness in overall market conditions.

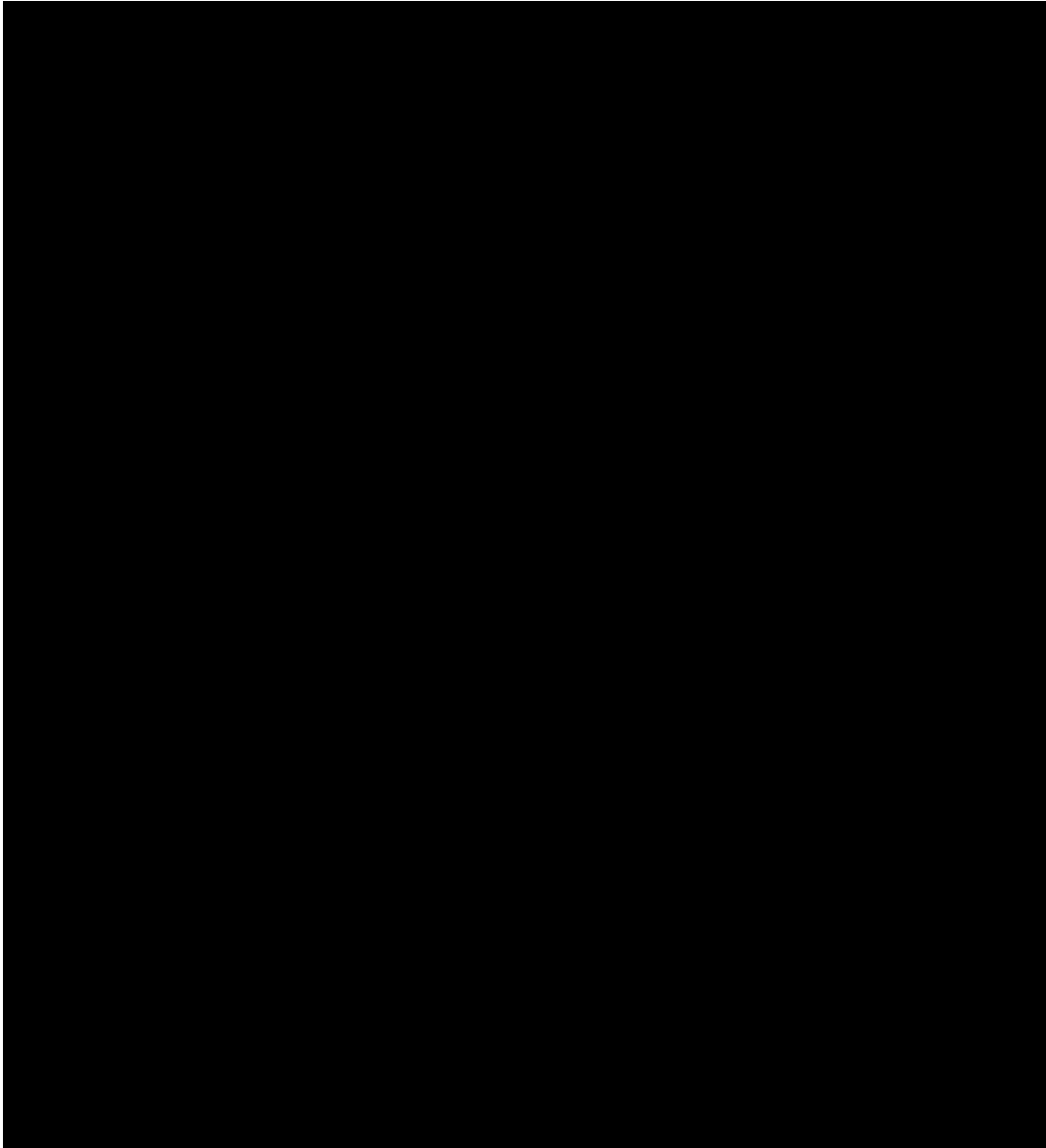
Functional Obsolescence

The facility has an mix of industrial and office space, with a percentage of office space that is atypical for the market. Space some reconfiguration might be needed if the building were to be vacated and sold or leased to another tenant (or tenants). Also, a new tenant (or tenants) might not require the industrial areas to be 100% air-conditioned (i.e., this might be a superadequacy) in the industrial area or require computer lab space.

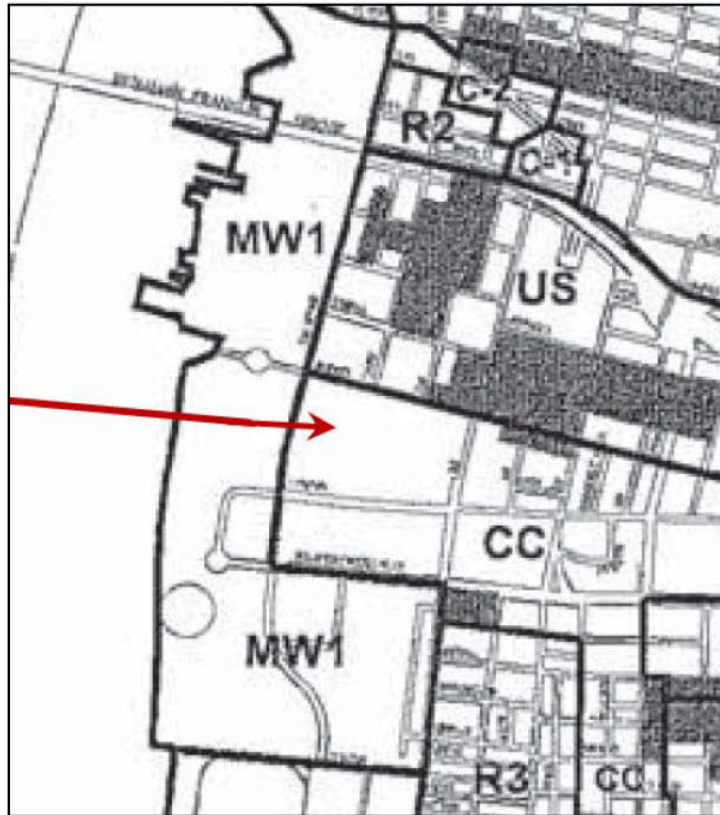








Land Use Controls (Zoning): According to the municipality's zoning office, the subject is located in the CC Center City zone. Permitted uses in this zone include single-family, semi-detached, duplex, townhouse, and multi-family dwellings; retail stores, shopping centers, restaurants, personal services, medical offices and facilities, professional offices, financial institutions, commercial recreation, hotels, theaters/museums, municipal buildings, and educational institutions. The subject is shown on the zoning map below.



The following chart is taken from the City's ordinance and provides a summary of the schedule of limitations based on the type of development in the CC zone. The non-residential column is highlighted because the subject is improved with a commercial use.

<p align="center">Table 19 Area Regulations for the CC Center City Zone</p>						
REQUIREMENTS	BULK STANDARDS					
	TYPE OF DEVELOPMENT					
	Single-Family	Semi-Detached ¹	Duplex ²	Townhouse ⁴	Multi-Family	Non-Residential
Minimum lot area per dwelling unit or site area	2,000 sq. ft.	2,000 sq. ft.	2,000 sq. ft.	2,000 sq. ft.	20,000 sq. ft.	N/A
Maximum lot area per dwelling unit or site area	4,000 sq. ft.	3,000 sq. ft.	4,000 sq. ft.	3,000 sq. ft.	N/A	N/A
Minimum lot width	20 ft.	20 ft.	20 ft.	20 ft.	100 ft.	50 ft.
Minimum lot depth	100 ft.	100 ft.	100 ft.	100 ft.	N/A	N/A
Maximum height ⁷	3 stories or 35 ft.	3 stories or 35 ft.	3 stories or 35 ft.	3 stories or 35 ft.	10 stories or 145 ft.	30 stories or 420 ft.
Minimum depth of front yard ³	10 ft.	10 ft.	10 ft.	10 ft.	20 ft.	N/A
Minimum aggregate width of side yards	25 ft.	25 ft.	25 ft.	N/A ⁵	50 ft.	N/A
Minimum width of each side yard	10 ft.	10 ft ²	10 ft.	See Note 6	20 ft.	N/A
Minimum depth of rear yard	10 ft.	10 ft.	10 ft.	10 ft.	30 ft.	N/A
Maximum lot building coverage	60%	60%	60%	60%	60%	N/A
Maximum lot impervious coverage	80%	80%	80%	80%	80%	100%

The subject's office/industrial use does not conform to the zone's permitted uses. Office use is permitted, but not industrial. The subject lot does conform to the bulk requirements for development.

Real Estate Tax Assessment:

The property is identified as Block 73 Lots 1, 73, 76, 142, 143, and 144 on the City's tax assessment rolls and was assessed as follows as of the valuation date:

Real Estate Tax Assessment		
Camden Aerospace Center		
Block & Lot	73/1, 73, 76, 142-144	
Land		\$4,225,200
Improvements		\$30,774,800
Total Assessed Value		\$35,000,000
Camden City 2013		
Tax Rate/\$100		\$2.6670
Equalization Ratio		105.11%
Equalized Assessed Value		\$35,000,000
Equalized Value/SF	(575,000 SF)	\$60.87/SF
Effective Tax Rate	(\$2.667 x 105.11%)	\$2.8033
Indicated Taxes at 2.667%	(Improvements)	\$820,764
Indicated Taxes at 2.667%	(Land & Improvements)	\$933,450
Indicated Taxes at 2.667%	(Land & Improvements)	\$1.62 /SF

The subject's land is owned by the NJ Economic Development Authority (NJEDA), and therefore the land assessment is tax exempt. The subject's improvements are owned by the Camden Center Urban Renewal, LP, and are taxable. If the land were to be sold to an owner that did not receive a tax exemption, the entire property could be taxed by the City.

Highest & Best Use:

Highest & Best Use analysis establishes the basis for the valuation of the property. The concept of highest and best use analysis is a market-derived interpretation based on various economic principles and forces such as supply and demand, conformity, and utility. It is defined as:

The reasonably probable use of property that results in the highest value.⁸

When a property is improved, Highest and Best Use analysis considers: 1) the site as if vacant and; 2) the property as improved. Highest and best use analysis of the site As Vacant

⁸ Appraisal Institute: *The Appraisal of Real Estate*, 14th Edition. Chicago, IL: Appraisal Institute, 2013, p. 332.

addresses the ideal use of the site, while highest and best use As Improved relates the existing use to the ideal use (*as vacant*). Both analyses are important to the valuation process since land value is determined by potential, not actual use.

The highest and best use of the site as though vacant must meet the following four criteria:

- * Legally Permissible
- * Physically Possible
- * Financially Feasible
- * Maximally Productive

Highest and Best Use as if Vacant:

Legally Permissible: Addresses the legal use of the property given applicable zoning regulations and local ordinances/codes along with any other applicable legal restrictions. The use must be probable, not speculative or conjectural.

Legal restrictions affecting the property include the local municipal land use ordinance along with all other county and state regulations. According to the municipality's zoning office, the subject is located in the CC Center City zone. Permitted uses in this zone include single-family, semi-detached, duplex, townhouse, and multi-family dwellings, retail stores, shopping centers, restaurants, personal services, medical offices and facilities, professional offices, financial institutions, commercial recreation, hotels, theaters/museums, municipal buildings, and educational institutions.

Physically Possible: The size, shape, and terrain of the appraised site are conducive for many types of development. The utilities serving the subject site are adequate for the permitted uses. Also, the site's physical aspects do not impose any apparent physical limitations on development for the above legally permissible uses.

Financially Feasible: Financially feasible refers to legal uses that are physically possible and have a sufficient demand to produce a positive return. Once the physically possible and legally permissible potential land uses have been determined, the next step in estimating the highest and best use is to determine which uses are economically feasible.

The area is primarily a mix of commercial uses. The largest improvements in the immediate area are offices. Along the waterfront are large recreational/retail improvements. New development has occurred in the subject's neighborhood over the last several years, but some planned development stalled. While the neighborhood has seen progress, particularly with Cooper University hospital & medical school and Rutgers University expansions, there still is risk associated with commercial development in Camden.

The subject is 21.1 acres, making it a very large site in Camden, an urban community. A new development on the subject site would be large in scale. There is land for on-site parking as well as buildings, and parking is premium

feature in the city.

Based on the neighborhood trends and the market overall, there is less risk associated with a new office development compared to retail. Office is considered financially feasible, particularly a pre-leased project.

Maximally Productive: Considering the factors as analyzed above, the highest and best use of the subject as though vacant is for development of an office building on a pre-leased or build-to-suit basis.

Highest and Best Use as Improved:

The property as improved is again examined under the same four use criteria previously considered. Where a site has existing improvements on it, it is possible that the highest and best use of the land may be determined to be other than its existing use. Any difference between the highest and best use as vacant and as improved will indicate the various forms of depreciation and obsolescence present at the property or affecting the property.

In evaluating the highest and best use, as improved, the proposed property improvements have been considered as well as a conversion of the property to another use, and/or expansion of the present buildings. The site is presently improved with two buildings—a 350,000 square foot office building and a 225,000 square foot industrial building that includes approximately 29% finished office space. The current improvements appear to be functional for their use. Current zoning allows for the subject's office space, but not industrial space. The current use either pre-exists the current zoning, or was approved with a use variance since the City encourages new development and seeks to attract businesses. The subject's improvements are in good condition, and the subject is 100% leased. Based on the analysis presented in this report, the improvements contribute significant value to the site.

No alternative legal use could justify removal of the existing improvements or altering the improvements for another use. Therefore, the existing facility is considered the highest and best use of the site as improved. This will govern the valuation of the property.

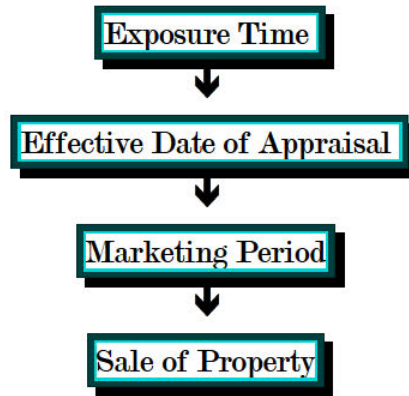
Exposure Time

Exposure time is inherent in the market value concept and is always presumed to precede the effective date of the appraisal. Exposure time differs depending on the specific property type and current market conditions. As such, the property type, specific market conditions, and the potential market participants are important factors in determining a reasonable estimate of exposure time.⁹

The marketing time is the estimated period of time that it will take to successfully market an interest in real estate at the estimated market level during the period immediately after the effective date of an appraisal. Thus, exposure time is assumed to precede the effective date of

⁹ *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of The Appraisal Foundation, 2012-2013 Edition, U-91

appraisal, while marketing time is the period immediately after the effective date of appraisal. Each time period is directly related to the specific property being appraised (*type and range in value*), market conditions, and market participants.



The exposure time for the subject property in its present state is estimated to be 12 months considering the location, the net lease structure, and the credit tenant in place.

Summary of Analysis & Valuation

Valuation of the subject property has been estimated through the Income Approach. Given the nuances of the subject's income stream, this analysis provides the most meaningful indication of value.

The Cost Approach has not been developed due to the presence of some physical deterioration, a significant amount of economic obsolescence and functional issues with the laboratory space in the property. If the existing tenants were to vacate, a new tenant may or may not require the amount of office finishes in the building. Also, limited land sales in Camden were identified to estimate a reliable land value. Overall, the market would not react in terms of a cost approach for the subject property.

The Sales Comparison Approach was developed but given the lack of recent meaningful sales of similar facilities (e.g., size, large percentage office), it was given limited weight. Transaction activity has been very minimal due to the current weakness in overall market conditions. Also, the property is a unique asset because of its location in the city of Camden, which is not a recognized office/industrial market.

Sales Comparison Approach

This approach to value has been used to estimate the market value for the subject property. In this approach to value, market value is estimated by comparing the subject property to similar properties that have been sold recently or for which offers to purchase have been made. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties.¹⁰

Inherent in this approach to value is the principle of substitution, which holds that “*the value of a property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time.*”¹¹ It is applicable to all types of real property interests when there are sufficient recent reliable transactions to indicate value patterns in the market. When the number of market transactions is insufficient, the applicability of the sales comparison approach is limited.

The basic procedure to apply the Sales Comparison Approach is shown as follows:

1. Research recent comparable sales, listings and offerings information throughout the market area.
2. Verify that the obtained data is factually accurate and that each transaction reflects arm's length market considerations.
3. Select relevant units of comparison and develop a comparative analysis for each unit.
4. Compare the subject property and comparable sale properties using the elements of comparison and adjust the sale price of each comparable as compared to the subject property.
5. Reconcile the various value indications resulting from the analysis of comparable sales to a single value indication or a range of values.

An extensive search of the market area revealed a limited supply of market sales data for buildings exhibiting similar qualities as the subject, i.e. 72% office and 28% industrial. The comparable sales include both industrial and office buildings.

¹⁰ Appraisal Institute: *The Appraisal of Real Estate*, 14th Edition. Chicago, IL: Appraisal Institute, 2013 p. 377.

¹¹ Appraisal Institute: *The Appraisal of Real Estate*, 14th Edition. Chicago, IL: Appraisal Institute, 2013 p. 379.

Improved Sales										
No.	Address	GBA SF	Sale Date	Sale Price	\$/SF	Built	Condition	Land Acres	% Occupied	Industrial Clear Height, % Office
1	431&437 Ridge Rd. South Brunswick Office & Industrial Block-Lot: 33-1.02 Grantor: S. Brunswick Investors, LP Deed: 6196-464 Comments: Property consists of two buildings that total 201,200 SF on an irregularly shaped lot. The site has frontage on two roads. The property is 70% office and 30% industrial. The buildings were built in 1958 & 1962, and renovated in 1996 & 2000 and were reportedly in average/good condition when sold. The property was fully leased when sold, but was purchased for owner-occupancy. Located in a predominantly residential area that is just west of Rt 130, and approximately 3 miles from the NJ Turnpike and Route 1.	201,200	9/8/10	\$20,900,000	\$103.88	1958	Ave/Good	31.7	100%	24', 70%
2	224,228,232 Strawbridge Dr. Moorestown Office Block-Lot: 3401-42, 43, 44 Grantor: Moorestown Realty Assoc, LLC, 232 Strawbridge Realty LLC (Mack-Cali) Grantee: 224, 228, 232 Strawbridge Assoc (Keystone Property Group) Deed: 13040-9617, 13040-9627, 13040-9642 Comments: Property consists of three 3-story office buildings of 74,000 +/- SF each, with a total occupancy of 61% occupancy when sold. Two buildings are multi-tenant and one is single-tenant. Irregular land size and average frontage. Located along Route 38 and near the Moorestown Mall, less than 2 miles from Route 73, and just west of I-295 and the NJ Turnpike. Sale brokered by Jones Lang LaSalle; put on the market in early 2012. Buyer plans to make upgrades to the common areas.	222,774	11/6/12	\$19,850,000	\$89.10	1984	Ave/Good	17.6	61%	100% office
3	525 Rt 73 & 401 Rt 73 N Evesham Office Block-Lot: 5.01-1, 5-2.03 Grantor: Brandywine Operating Partnership, LP, Brandywine Greentree V, LLC (Brandywine Realty Trust) Grantee: 30 Lake Center, LLC, Greentree V, LLC Deed: 6795-58, 6795-65 Comments: Sale of two office properties known as 5 Greentree Centre (96% occupied) & Lake Center II (48% occupied). The total occupancy was 87%. Both buildings were built in 1986 and are in a professional park. 5 Greentree Centre is 165,956 SF, 4 stories, contains a fitness center with showers, a restaurant, is on a lake, and fronts Rt 73. Lake Center II is 40,287 SF, 1 story, and does not front Rt 73. The buyer is refreshing common areas. They are located near Rt 73, Rt 70, and 3+/- miles from the NJ Turnpike and I-295.	206,243	10/28/11	\$22,800,000	\$110.55	1986	Ave/Good	20.3	87%	100% office
4	4 Greentree Center Evesham Office Block-Lot: 3.34-5 Grantor: Liberty Property LP Deed: 67690-42400 Comments: Multi-tenant 4-story office building. Building contains a ground floor bank branch with drive up window. The bank space was listed for lease after closing. That space has since been leased to an office user and the window sealed. Buyer and seller are large real estate investment companies. Per the seller this was a fair market & standard sale; the building has no medical units; vacancy when sold was approximately 7%; he can't disclose the cap. rate; the seller did capital improvements prior to the sale including lobby renovation. Located in an office campus setting along Route 73.	62,000	5/16/11	\$7,710,646	\$124.37	1986	Good	3.9	93%	100% office

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No.	Address	GBA SF	Sale Date	Sale Price	\$/SF	Built	Condition	Land Acres	% Occupied	Industrial Clear Height, % Office
5	2239, 2255 High Hill Rd & 2359 Center Square Rd Logan Industrial Block-Lot: 1602-22 & 23; 3104-6 Grantor: Mid-Atlantic (Pureland) Industrial; Mid-Atlantic (Center Square) Industrial Grantee: IIT Pureland DC I, LLC; IIT Pureland DC II, LLC; ITT Center Square DC, LLC Deed: 5018-153; 5018-192; 5018-166 Financing: Buyer assumed a mortgage. Comments: This is the sale of three industrial buildings that are proximate each other. Buyer and seller are large real estate investment companies. All three were sold on the same day. 2255 High Hill Rd. is 100% leased to US Foods; 2239 High Hill Rd. is 100% leased to ESCO-Engineered Arresting Systems; 2359 Center Square Rd. is 100% leased to Home Depot. There is a total office space of 7.3%. The buildings have 24'-30' ceiling heights, 100 +/- loading docks, average rents of \$4.65/SF, and an average of 3.7 years remaining on their lease. The condition is average+. They are located in an industrial area between I-295 and Route 130. They are also near the Delaware River, the Commodore Barry Bridge, and Route 322. Sale information was confirmed while the properties were under contract, and verified with public records and press released by the buyer.	790,000	11/9/12	\$46,625,000	\$59.02	1986/1992	Ave.+	51.3	100%	24'-30', 7.3%
6	200 Birch Creek Road Logan Industrial Block-Lot: 2901-15 Grantor: CPF Pureland VI, LLC (Cornerstone) Grantee: Birch Creek Distribution Center, Inc (Hillwood) Deed: 4992-105 Financing: Cash to Seller. Comments: Building contains 58 loading docks, 2 overhead doors, 25' ceiling height, 2% office, AC in the office only; site has 246 parking spaces, paved for 91 trailers. It is a cross dock distribution facility known as Birch Creek Distribution Center. One unit and vacant when sold. Most of the undeveloped land contains wetlands. Located in an industrial area near I-295, the NJ Turnpike, and the Commodore Barry Bridge.	597,232	8/10/12	\$18,550,000	\$31.06	1991	Ave.+	77.3	0%	25', 2%
7	401 Bordentown Hedding Rd. Bordentown Industrial Block-Lot: 137.01-2 Grantor: Central Crossings Business Park Building IV, LLC Grantee: Mim-Hayden Central Crossings 4, LLC Deed: 13010-5237 Financing: Cash to Seller Comments: The property is a warehouse/distribution facility with multiple units and 140 +/- parking spaces. There are several loading docks per unit-16 total. Heated, but AC in office space only. Buyer confirmed this was an arms length cash sale, fully leased. Located in an industrial area near the NJ Turnpike and I-295.	142,500	4/27/12	\$6,950,000	\$48.77	2006	Excellent	39.2	100%	28', 7%

COMPARABLE SALES PHOTOS



No 1
431&437 Ridge Rd



No 2
224,228,232 Strawbridge Dr



No 3
525 Rt 73 & 401 Rt 73 N



No 4
4 Greentree Center



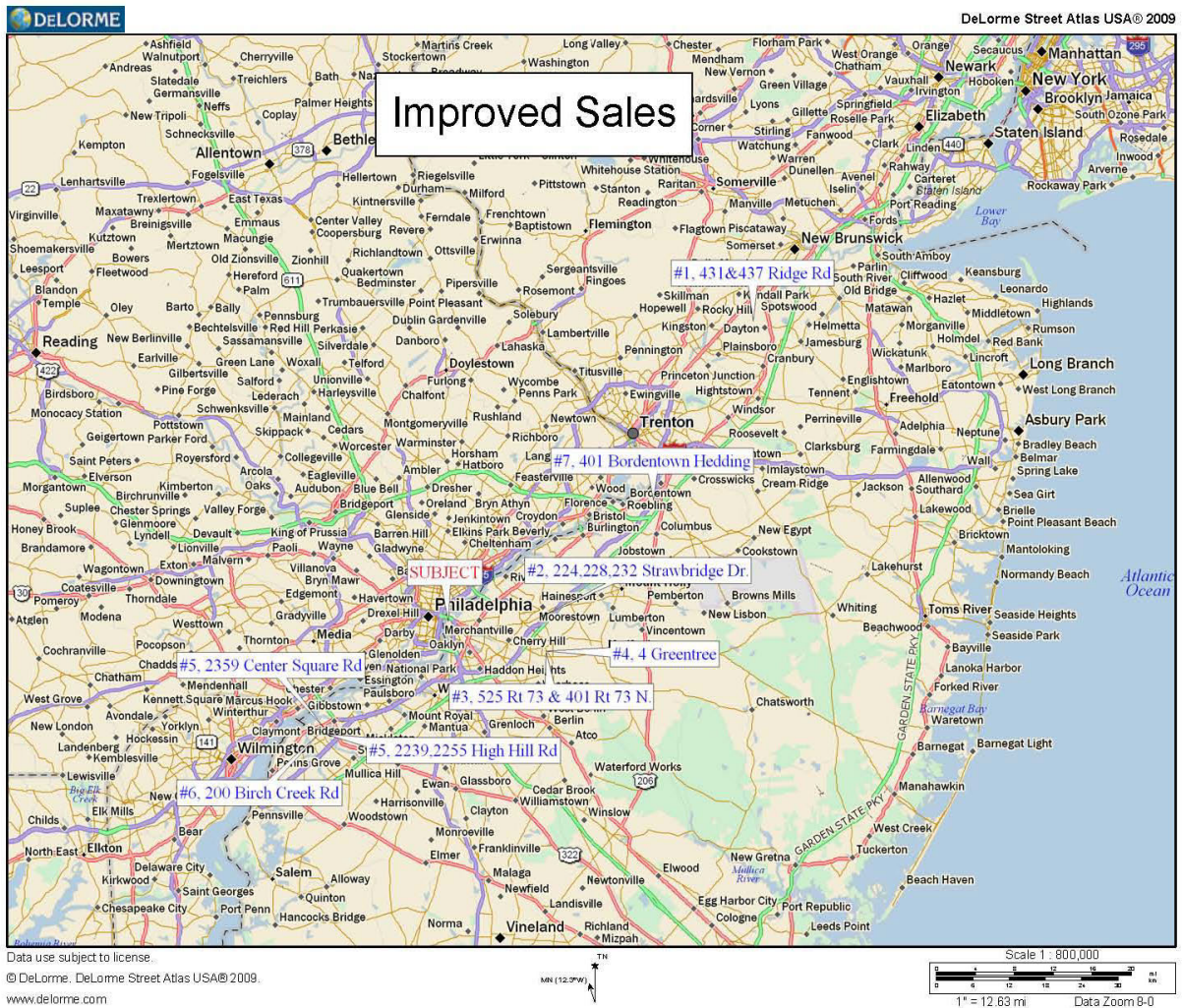
No 5
2239/2255 High Hill Rd & 2359 Center Square Rd



No 6
200 Birch Creek Road



No 7
401 Bordentown



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Improved Sales Adjustment Grid								
Value Date	575,000	November-13						
		Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
		Office & Industrial	Office	Office	Office	Industrial	Industrial	Industrial
		431&437 Ridge Rd.	224,228,232 Strawbridge Dr.	525 Rt 73 & 401 Rt 73 N	4 Greentree Center	High Hill Rd; Center Square Rd.	200 Birch Creek Road	401 Bordentown Hedding Rd.
		South Brunswick	Moorestown	Evesham	Evesham	Logan	Logan	Bordentown
Sale Date		Sep-10	Nov-12	Oct-11	May-11	Nov-12	Aug-12	Apr-12
Sale Price		\$20,900,000	\$19,850,000	\$22,800,000	\$7,710,646	\$46,625,000	\$18,550,000	\$6,950,000
Building SF		201,200	222,774	206,243	62,000	790,000	597,232	142,500
		\$103.88	\$89.10	\$110.55	\$124.37	\$59.02	\$31.06	\$48.77
Property Rights		0%	0%	0%	0%	0%	0%	0%
Adjusted Price/SF		\$103.88	\$89.10	\$110.55	\$124.37	\$59.02	\$31.06	\$48.77
Financing/Concessions		0%	0%	0%	0%	0%	0%	0%
Adjusted Price/SF		\$103.88	\$89.10	\$110.55	\$124.37	\$59.02	\$31.06	\$48.77
Conditions of Sale		0%	0%	0%	0%	0%	0%	0%
Adjusted Price/SF		\$103.88	\$89.10	\$110.55	\$124.37	\$59.02	\$31.06	\$48.77
Market Conditions		10%	0%	0%	0%	0%	0%	0%
Adjusted Price/SF		\$114.26	\$89.10	\$110.55	\$124.37	\$59.02	\$31.06	\$48.77
Adjusted Price Per SF		\$114.26	\$89.10	\$110.55	\$124.37	\$59.02	\$31.06	\$48.77
Location		Superior	Superior	Superior	Superior	Superior	Superior	Superior
Adjustment		-40%	-25%	-30%	-30%	-15%	-15%	-15%
Access/Exposure		Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
Adjustment		0%	0%	0%	0%	0%	0%	0%
Condition/Age		Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
Adjustment		0%	0%	0%	0%	0%	0%	0%
Quality		Comparable	Comparable	Comparable	Comparable	Inferior	Inferior	Inferior
Adjustment		0%	0%	0%	0%	10%	10%	10%
Size		Comparable	Comparable	Comparable	Superior	Comparable	Comparable	Comparable
Adjustment		0%	0%	0%	-15%	0%	0%	0%
Office %		Comparable	Superior	Superior	Superior	Inferior	Inferior	Inferior
Adjustment		0%	-20%	-20%	-20%	60%	60%	60%
Economics		Comparable	Inferior	Inferior	Inferior	Comparable	Inferior	Comparable
Adjustment		0%	15%	10%	5%	0%	20%	0%
Total Net Adjustments		-40%	-30%	-40%	-60%	55%	75%	55%
Price Indication/SF		\$68.56	\$62.37	\$66.33	\$49.75	\$91.48	\$54.35	\$75.60
<u>Analysis of Comparables</u>								
High:	\$91.48							
Low:	\$49.75							
Average:	\$66.92							
Median:	\$66.33							
Indicated Market Value Range Per SF:		\$67.00						
# of SF		575,000						
Estimated Market Value		\$38,525,000						
Value Indication (Rounded):		\$38,500,000						

Adjustments

Market Conditions (Time): Generally the commercial real estate market has improved in recent years. Sale 1 closed in September 2010 and was adjusted upward.

Location: The subject is located in the City of Camden, which is considered a below average location for commercial property. All of the sales were adjusted downward. Sale 1 was given the greatest adjustment (-40%) due to its Middlesex County location, since real estate typically has a higher value in northern New Jersey compared to central New Jersey. Sales 3 and 4 were given the second highest adjustment (-30%) due to their desirable location in a large scale office park along Route 73. Sale 2 was adjusted -25% for its location in Moorestown off of Route 38. Sales 5, 6, and 7 were adjusted -15%. This adjustment is lesser than the location adjustment for the office sales because industrial properties are often in secondary locations compared to offices.

Quality: The subject is of similar quality as Sales 1, 2, 3, and 4 and no adjustment was made. Sales 5, 6, and 7 are industrial properties and have similar building quality and clear height as the subject. These three sales were adjusted upward because the subject's industrial space is air conditioned and the sales are only air conditioned in their office areas.

Size: The subject buildings have a total of 575,000 square feet. A per-SF premium is typically paid for small properties. Sale 4 is 62,000 SF and is considerably smaller than the subject. Sale 4 required a downward adjustment.

Office %: The subject contains 72% office space. Office space rents at a higher lease rate than industrial space, and office buildings typically sell at a higher \$/SF than industrial buildings. Sale 1 is 70% office space making it similar to the subject, and it was not adjusted. Sales 2, 3, & 4 are 100% office and were adjusted downward. Sale 5, 6, & 7 are 7%, 2%, and 7% office and were adjusted upward.

Economics: The subject is 100% leased. Sales 1, 5, & 7 were 100% leased when sold, and no adjustment was made. Sales 2, 3, 4, & 6 were 61%, 87%, 93%, and 0% leased when sold. These sales were adjusted upward.

Conclusion of the Sales Comparison Approach: The subject is unique in that it is 72% office space and 28% industrial space. Sale 1 has a similar makeup, which is why it is included in the analysis. The other sales are either office buildings or industrial buildings. Sales 2 through 7 closed May 2011 through November 2012, and indicate current market values for industrial and office space. Using the average adjusted \$/SF value, the concluded subject value is \$67/SF. The market value using the sales comparison approach is shown below.

Valuation Date	Interest Appraised	Sales Comparison Approach
November 14, 2013	Leased Fee	\$38,500,000

Income Capitalization Approach

The **Direct Capitalization Method** is considered to be the most appropriate method to analyze the industrial property. This is due to the market-oriented nature of the approach, the unencumbered fee simple interest being appraised, and the relative stability of rental income generated at this type of facility, as of the valuation date.

Yield capitalization is utilized as an additional means of estimating the subject's market value by the income capitalization approach. This method utilizes a DCF analysis and is currently in wide use by most sophisticated investors and purchasers of income-producing properties. Its advantage is that it allows for year-to-year variations of projected income and expenses while reflecting all actual contractual income expected to accrue to the property.

Properly utilized, the DCF analysis should mirror the expectations and requirements of typical investors and purchasers of real estate at the time of the appraisal. The criteria used in this analysis are based on the best available data in the marketplace. Documentation and logic supporting the estimates of gross and net income have been previously discussed. Other important elements of the DCF analysis are described in the following discourse.

Both analyses will be considered in this analysis.

Stabilized Annual Income (*Potential Gross Income*)

The first step is to develop an estimate of the property's potential income-producing capabilities for a stabilized year. A summary of subject lease is presented below.

Lease Agreement

Date	Sep-02
Lessor	Camden Center Urban Renewal Partnership (CCURLP)
Lessee	L3 Communications Corporation
Term	15.5 years
Rent	See Rent Schedule
Purchase Option	
Option Date	End of Lease Term (March 15, 2018)
Option Property	One or both buildings
Option Price	Fair Market Value but not less than the greater of: Office building: \$40,000,000 Industrial Building: \$16,000,000 or, the principal of all remaining debt plus accrued interest and accrued and unpaid cumulative 17.75% preferred return on landlord's equity.
Lease Option	1, 5 year option at market rent

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Base Rent Schedule									
Period	Manufacturing Building			Office Building			Total		
	\$/Month	\$/Year	\$/SF/Year	\$/Month	\$/Year	\$/SF/Year	\$/Month	\$/Year	\$/SF/Year
9/02	\$146,201	\$1,754,412	7.80	\$328,593	\$3,943,116	\$11.27	\$474,794	\$5,697,528	\$9.91
10/02-2/03	\$56,250	\$675,000	3.00	\$328,593	\$3,943,116	\$11.27	\$384,843	\$4,618,116	\$8.03
3/03	\$56,250	\$675,000	3.00	\$339,301	\$4,071,612	\$11.63	\$395,551	\$4,746,612	\$8.25
4/03-8/07	\$56,250	\$675,000	3.00	\$175,000	\$2,100,000	\$6.00	\$231,250	\$2,775,000	\$4.83
9/07-2/08	\$74,063	\$888,750	3.95	\$175,000	\$2,100,000	\$6.00	\$249,063	\$2,988,750	\$5.20
3/08-2/13	\$74,063	\$888,750	3.95	\$204,167	\$2,450,000	\$7.00	\$278,229	\$3,338,750	\$5.81
3/13-2/18	\$74,063	\$888,750	3.95	\$233,333	\$2,800,000	\$8.00	\$307,396	\$3,688,750	\$6.42
Manufacturing Building		225,000 SF							
Office Building		350,000 SF							
Total		575,000 SF							

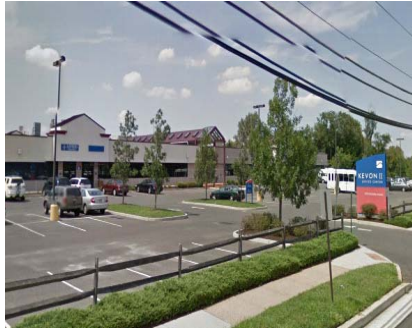
The lease period highlighted yellow reflects the current period.

Market rent is estimated using comparable rents in the market, and compared to the subject. Market rent is also applied to any vacant space in the discounted cash flow analysis.

Market rent was estimated for the subject's office and office/industrial buildings. Each buildings' market leases will be analyzed separately as follows, with office building rents shown first.

Market Rents - Office											
No.	Address	Building Size	Built	On-Site Parking	Owner	Tenant	Lease Date	Unit Size	Base Rent	Term (Yrs)	Type
1	2475 McClellan Blvd. Pennsauken	49,260 SF	2008	Yes	Kevon Office II LP	Confidential-Medical	Apr-13	13,274 SF	\$15.00		NNN
Comments: 1-story office building. Unit leased for medical use. Tenant pays for utilities, janitorial, and operating expenses (NNN). The landlord did contribute TI, but won't give the amount. No concessions. The agent said it was significant due to the tenant's medical use. Rent will increase \$0.50/SF/Year annually. this is 1.3%-2.3% of the first years rent. Located off of Route 70, just south of Rt 38, and near the Adm. Wilson Blvd.											
2	6981 N Park Dr. Pennsauken	58,000 SF	1965	Yes	Strategic Cooper River Realty LLC	Veolia Water Technologies	May-13	12,564 SF	\$22.00	10.5	+ Electric
Comments: Known as Cooper River Square West. 6-story office renovated in 1999 including common areas and facade. Listing agent stated it is a Class B+ building with good views. Leased for \$22/SF, tenant only pays for electric. The landlord contributed \$400,000 in TI with a 10 year term (average \$3.18/SF/year). Tenant has 6 months free at the end of the 10 years, making the true term 10.5 years. The rent does increase annually, and the exact amount is confidential, but the agent stated it is a typical increase for the market and between \$0.30-\$0.50/SF; this is 1.3%-2.3% of the first years rent. Located on the Cooper River, off of Rt 130, and south of Rt 70 & Rt 30.											
3	131 Gaither Dr. Mount Laurel	11,270 SF	1977	Yes	East Gate Business Center, LLC	Vanguard Cleaning Systems	Aug-12	2,341 SF	\$14.50	4.0	+ Electric
Comment: 1-story building located in the East Gate Business Center office park. Located between the NJ Turnpike and I-295, and close to Route 38 & Route 70.											
4	133 Gaither Dr. Mount Laurel	23,498 SF	1977	Yes	East Gate Business Center, LLC	Gil General & Electrical Contractors	Mar-12	1,290 SF	\$12.50	2.0	+Electric
Comment: 2-story building located in the East Gate Business Center office park. Located between the NJ Turnpike and I-295, and close to Route 38 & Route 70.											
5	2 Aquarium Dr. Camden	101,181 SF	2007	Adjacent lot	Coopers Square Urban Renewal LLC		Listing		\$25.00	5.0	+ Electric
Comments: Known as the Ferry Terminal Building, it is on the Camden waterfront. Designated parking at an adjacent lot. Building has 4 floors and contains ground floor restaurants. Currently asking \$25/SF + electric. According to the leasing agent, operating expenses are \$9.40/SF, which can be used to compare to a NNN lease elsewhere. The landlord would typically contribute \$15-\$25/SF in TI with a 5 year term.											
6	1814 Route 70 E. Cherry Hill	32,000 SF	2004	Yes	Beowulf Enterprises III LLC		Listing		\$20.00		+ Utilities
Comments: 2-story office building just west of the NJ Turnpike & I-295.											
7	808 Market St. Camden	83,041 SF	i/n/a	Adjacent lot	P.W. & A.J. Stahl		Listing	6,600 SF	\$17.50		Full Service
Comments: Office building fronting Market Street, and 1 block east of N. Broadway. Adjacent to City parking lot. The building has card-key security access, and significant interior and exterior capital improvements have recently been completed. The leasing agent confirmed the tenant pays no expenses, and the landlord provides some TI in the form of painting, carpeting as needed, etc.											

COMPARABLE RENT PHOTOS - Office



No 1
2475 McClellan Blvd □ Pennsauken



No 2
6981 N Park Dr □ Pennsauken



No 3
131 Gaither Dr □ Mount Laurel



No 4
133 Gaither Dr □ Mount Laurel



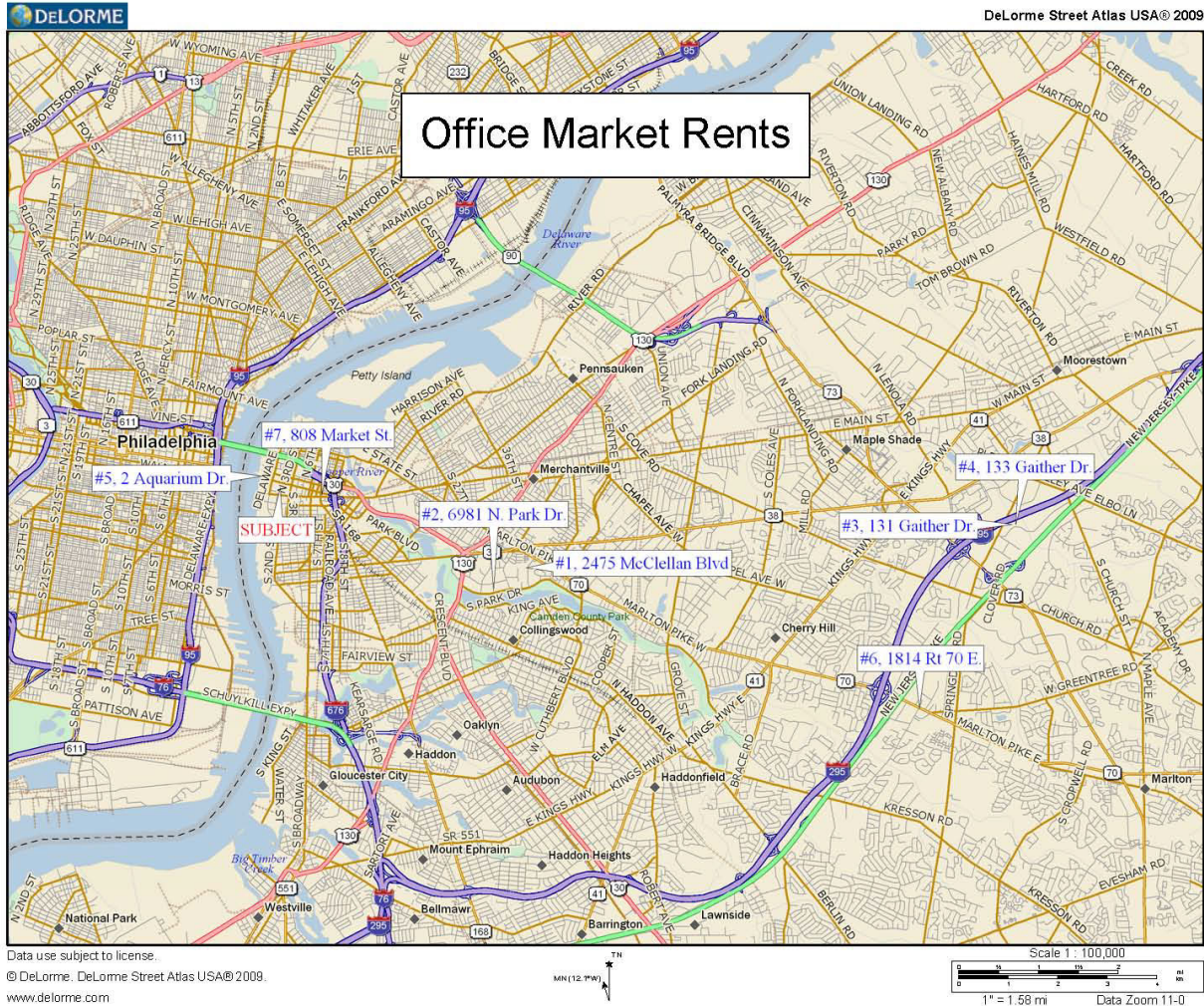
No 5
2 Aquarium Dr □ Camden



No 6
1814 Route 70 E □ Cherry Hill



No 7
808 Market St □ Camden



Comparable Office Building Rentals								
Adjustment Analysis								
	Subject	No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	No. 7
		2475 McClellan Blvd. Pennsauken	6981 N Park Dr. Pennsauken	131 Gaither Dr. Mount Laurel	133 Gaither Dr. Mount Laurel	2 Aquarium Dr. Camden	1814 Route 70 E. Cherry Hill	808 Market St. Camden
Rental Rate/SF		\$15.00	\$22.00	\$14.50	\$12.50	\$25.00	\$20.00	\$17.50
Market Conditions	Nov-13	Apr-13	May-13	Aug-12	Mar-12	Listing	Listing	Listing
# of Months Difference		8	6	16	21	0	0	0
Adjustment	0%	0%	0%	0%	0%	0%	0%	0%
		\$15.00	\$22.00	\$14.50	\$12.50	\$25.00	\$20.00	\$17.50
Adjustments:								
Lease Type	NNN	NNN	+ Electric	+ Electric	+Electric	+ Electric	+ Utilities	Full Service
\$ Adjustment		\$0.00	(\$8.50)	(\$8.50)	(\$8.50)	(\$8.50)	(\$7.50)	(\$10.00)
Location	Camden	Superior	Superior	Superior	Superior	Camden	Superior	Camden
% Adjustment		-15%	-15%	-10%	-10%	0%	-20%	0%
\$ Adjustment		(\$2.25)	(\$3.30)	(\$1.45)	(\$1.25)	\$0.00	(\$4.00)	\$0.00
Age/Condition	Good	Excellent	Above Ave.	Average	Average	Excellent	Excellent	Above Ave.
% Adjustment		-5%	0%	5%	5%	-5%	-5%	0%
\$ Adjustment		(\$0.75)	\$0.00	\$0.73	\$0.63	(\$1.25)	(\$1.00)	\$0.00
Fit-Out	Above Average	High	\$3/SF	Typical	Typical	\$15-\$20/SF	Typical	Typical
\$ Adjustment		(\$5.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Security Expense	High	Typical	Typical	Typical	Typical	High	Typical	Typical
\$ Adjustment		(\$0.50)	(\$0.50)	(\$0.50)	(\$0.50)	\$0.00	(\$0.50)	(\$0.50)
Net- Adjustments		(\$8.50)	(\$12.30)	(\$9.73)	(\$9.63)	(\$9.75)	(\$13.00)	(\$10.50)
Adj Rental Rate/SF		\$6.50	\$9.70	\$4.78	\$2.88	\$15.25	\$7.00	\$7.00
Indicated Net Market Rental Rate of Building:								
Average	\$7.59 /SF							
Median	\$7.00 /SF							
Comparable Weighting:		10%	15%	5%	10%	25%	15%	20%
Weighted Average:	\$8.89 /SF							
Reconciled Rental Rate: \$9.00 /SF	NNN							

Adjustments

Market Conditions

In the market overview section of the report, current and historic rents were shown. Rents have been relatively stable, and no adjustments were made.

Lease Type

The subject's rent is triple net (NNN), in which the tenant pays for all of the operating expenses. The market rents with different lease types were adjusted. The subject's operating expenses are

estimated to be \$9.87/SF, rounded to \$10/SF for the purposes of this adjustment. The utility expense is estimated to be \$2.50/SF and the electric alone is estimated to be \$1.60/SF.

Rent #1 is NNN and was not adjusted.

Rent #7 is a full service lease in which the landlord pays all of the operating expenses. To adjust this lease to a NNN lease, the operating expenses are subtracted from the lease rate. This is done because the burden of paying operating expenses is switched from the landlord to the tenant, and therefore the NNN tenant pays a reduced rental rate. Rent #7 was adjusted downward \$10/SF.

In the rent "+ Electric" and "+ Utilities" leases, the tenant only pays for their electric or their utilities. In these leases the landlord pays the remainder of the operating expenses. The landlord's expenses are adjusted out of the lease when adjusting to a NNN rent. For the + Electric rents, the rent is adjusted by the total operating expenses minus the electric expense paid by the tenant ($\$10 - \$1.60 = \$8.40$, or $\$8.50$ rounded). The + Utilities rent is adjusted by $\$7.50$ ($\$10 - \$2.50 = \$7.50$).

Location

The subject is located in western Camden City. Due to Camden's crime rate, it is considered inferior to the comparable rentals' municipalities. Rents #1 and #2 are near the Cooper River in Pennsauken and were adjusted downward 15%. Rents #3 and #4 are in a secondary office location and were given the least downward adjustment, 10%. Rents #5 and #7 are in Camden and were not adjusted. Rent #6 is on Route 70 in Cherry Hill, the most superior location, and was given the largest downward adjustment, 20%.

Age/Condition

The subject was built in 1992 and is in good condition. Rents #1, #5, and #6 were built in the 2000's and are excellent condition. These rents were adjusted downward. Rents #2 and #7 are in above average condition and were not adjusted. Rents #3 and #4 are in average condition and were adjusted upward.

Fit-Out

Landlords typically contribute money (tenant improvements) towards fitting out a newly leased space for their tenant. This expense is paid back over the term of the lease by way of an increased rent. A tenant improvement (TI) cost for a new tenant, of \$15/SF, has been estimated for the subject. A market lease term has been estimated to be 7 years. This TI is \$2.15/SF/Year on average.

Rent #1 was fit out for medical space and the TI, while not specifically given, was stated to be high. Medical space typically has a higher fit out cost than professional office space. Using an estimated \$50/SF, and an estimated term of 7 years, the average cost is \$7.15/SF/Year. This is \$5.00/SF/Year greater than the subject's estimated TI of \$2.15/SF/Year. This implies Rent #1's tenant paid an additional \$5.00/SF/Year in rent over a tenant at the subject. Rent #1 was adjusted downward \$5.00.

Rent #2 had a TI of \$400,000, which has an average of \$3.18/SF/Year over the term of the lease. This is similar to the subject's \$2.15/SF/Year, and Rent #2 was not adjusted.

Rent #5 has a TI of \$15-\$20/SF with a 5 year term. This is \$3-\$4/SF/Year. This is in a similar range as the subject's TI and therefore Rent #2 was not adjusted.

Specific fit out contributions were not specified for the other market rents, and they are considered to be typical for the market. The other rents were not adjusted.

Security Expense

I estimate a security expense for the subject of \$1.25/SF. This is greater than the BOMA surveyed security expense of approximately \$0.75/SF in suburban Philadelphia. The difference is due to additional security required in the City of Camden. Therefore, properties not located in Camden have a security expense of \$0.50/SF less than the subject. The subject's lease is structured in which the tenant pays for security. The subject's lease rate should be \$0.50/SF less than rents not in Camden to balance out the additional expense paid by the tenant.

Conclusion

The market rents were weighted based on similarity to the subject. Rents #5 and #7 are given the most weight (25% and 20%) based on their Camden location, and because they were given the least adjustments. Rent #5 was given the most weight because it is also near the waterfront. Rents #2 and #6 are weighted at 15% based on having a similar office quality as the subject. Rents #1, #3, and #4 were given the least weight based on their medical use (#1), building style (#3), and number of adjustments.

Office market rent is concluded to be \$9.00/SF/Year triple net.

Market Rents - Office/Industrial													
No.	Address	Building Size	Built	On-Site Parking	Owner	Tenant	Lease Date	Unit Size	% Office	Ceiling Height	Base Rent	Term (Yrs)	Type
1	1675 Hylton Rd. Pennsauken	54,740 SF	1964	Yes	Bloom Organization	Enfasco, Inc	Jan-13	19,140 SF	22%	21'	\$4.00	4	NNN
Comments: One unit in a 3-unit building. Unit in average condition and has 3 loading docks and 1 drive in door. Located just west of Rt 130 and between Rt 73/Tacony Palmyra Bridge & Rt 90/Betsy Ross Bridge.													
2	1695 Hylton Rd. Pennsauken	54,740 SF	1964	Yes	Bloom Organization	Pennsauken Twp School District	Jun-12	20,000 SF	25%	21'	\$6.25	3	NNN
Comments: Renewal of existing lease. One unit in a 3-unit building. Unit in average condition and has 2 loading docks. Located just west of Rt 130 and between Rt 73/Tacony Palmyra Bridge & Rt 90/Betsy Ross Bridge.													
3	321 Dulty's Ln. Burlington	188,294 SF	i/n/a	Yes	Whitesell Inc	Ta Chen Int'l	Aug-12	188,294 SF	3%	35'	\$4.75	16	NNN
Comments: One unit building in good condition. Warehouse clearance is 32' - 37', and the building has 41 loading docks and 2 overhead doors. Located west of Rt 130, I-295, & the NJ Turnpike; near the PA Turnpike bridge into PA and the Delaware River. In a small industrial park.													
4	1090 Thomas Busch Memorial Hwy. Pennsauken	168,737 SF	1980	Yes	Whitesell Inc	SupplyOne, Inc	Jan-12	168,737 SF	12%	30'	\$3.40	10	NNN
Comments: One unit building containing office space on 2 floors, 38 loading docks, 1 overhead door, 6 rail car loading doors. In an industrial park located close to Route 73, Route 130, the Betsy Ross Bridge to PA, and 5+/- miles west of I-295 & the NJ Turnpike. Site has Norfolk Southern/CSX rail service.													
5	1200 B Taylors Ln. Cinnaminson	71,604 SF	1985	Yes	Whitesell Inc	Empire Today	Jan-12	71,604 SF	8%		\$4.60	7	NNN
Comments: Building has 10 loading docks and 8 overhead doors. Clear height is average for an industrial building and varies through the building; the specific height is not known. In a mixed use, but generally industrial area. Located west of Route 130, and 5+/- miles from the Betsy Ross Bridge to PA.													
6	1819 Route 130 Burlington	164,910 SF	1999	Yes	Whitesell Inc	Elm Global Logistics	Dec-11	124,000 SF	3%	34'	\$3.50	6	NNN
Comments: 2-unit building. Warehouse has 30' - 38' clearance, 29 loading docks, 3 overhead doors. Located west of Rt 130, I-295, & the NJ Turnpike; near the PA Turnpike bridge into PA and the Delaware River. In a small industrial park.													
7	6965 Airport Hwy Ln.	103,000 SF	i/n/a	Yes	M.WM & N.G. Brown		Listing	103,000 SF	5%	15'-27'	\$2.75		NNN
Comments: Building listed for lease. Contains 7 loading docks and 1 drive in door. Clear height ranges 15' to 27'. Located in an industrial park just south of Rt 38 and just east of Rt 130. Also near Rt 70, Rt 30, and approximately 2 miles from Philadelphia.													
8	1150 Thomas Busch Memorial Hwy. Pennsauken	27,953 SF	1986	Yes	Bloom Organization		Listing	27,953 SF	5%	21'	\$4.50		NNN
Comments: Building for lease contains 3 loading docks & 4 overhead doors. In an industrial park located close to Route 73, Route 130, the Betsy Ross Bridge to PA, and 5+/- miles west of I-295 & the NJ Turnpike.													

COMPARABLE RENT PHOTOS - Office/Industrial



No 1
1675 Hylton Rd □Pennsauken



No 2
1695 Hylton Rd □Pennsauken



No 3
321 Duly's Ln □Burlington



No 4
1090 Thomas Busch Memorial Hwy □Pennsauken



No 5
1200 B Taylors Ln □Cinnaminson



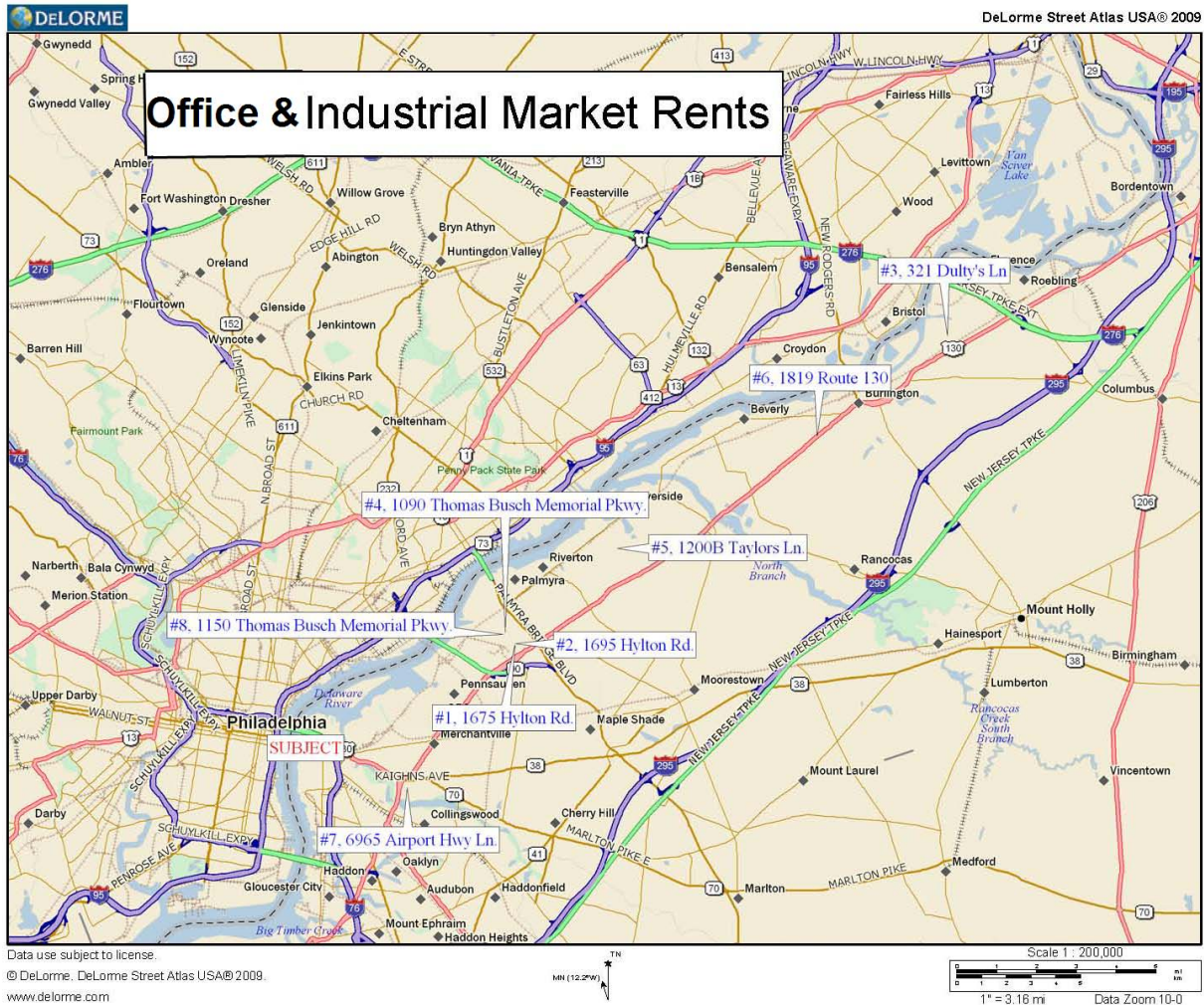
No 6
1819 Route 130 □Burlington



No 7
6965 Airport Hwy Ln □Pennsauken



No 8
1150 Thomas Busch Memorial Hwy □Pennsauken



J. MCHALE & ASSOCIATES

Comparable Office/Industrial Building Rentals									
Adjustment Analysis									
	Subject	No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	No. 7	No. 8
		1675 Hylton Rd Pennsauken	1695 Hylton Rd Pennsauken	321 Dulty's Ln Burlington	1090 Thomas Busch Memorial Hwy Pennsauken	1200 B Taylors Ln Cinnaminson	1819 Route 130 Burlington	6965 Airport Hwy Ln Pennsauken	1150 Thomas Busch Memorial Hwy Pennsauken
Rental Rate/SF		\$4 00	\$6 25	\$4 75	\$3 40	\$4 60	\$3 50	\$2 75	\$4 50
Market Conditions	Nov-13	Jan-13	Jun-12	Aug-12	Jan-12	Jan-12	Dec-11	Listing	Listing
# of Months Difference		11	18	16	23	23	24	0	0
Adjustment	0%	0%	0%	0%	0%	0%	0%	0%	0%
		\$4 00	\$6 25	\$4 75	\$3 40	\$4 60	\$3 50	\$2 75	\$4 50
Adjustments:									
Lease Type	NNN	NNN	NNN	NNN	NNN	NNN	NNN	NNN	NNN
% Adjustment		0%	0%	0%	0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0 00	\$0 00
Location	Camden	Superior	Superior	Superior	Superior	Superior	Superior	Superior	Superior
% Adjustment		-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%
\$ Adjustment		(\$0.20)	(\$0.31)	(\$0.24)	(\$0.17)	(\$0.23)	(\$0.18)	(\$0 14)	(\$0 23)
Age/Condition	Good	Average	Average	Similar	Average	Average	Similar	Average	Average
% Adjustment		5%	5%	0%	5%	5%	0%	5%	5%
\$ Adjustment		\$0.20	\$0.31	\$0.00	\$0.17	\$0.23	\$0.00	\$0 14	\$0 23
Security Expense	High	Typical	Typical	Typical	Typical	Typical	Typical	Typical	Typical
\$ Adjustment		(\$0 50)	(\$0 50)	(\$0 50)	(\$0 50)	(\$0 50)	(\$0 50)	(\$0 50)	(\$0 50)
Physical Characteristics	29% Office 24' Ceiling	22%, 21' Superior	25%, 21' Superior	3%, 35' Superior	12%, 30' Superior	8%, Ave Superior	3%, 34' Superior	5%, 15'-27' Similar	5%, 21' Similar
% Adjustment		5%	0%	20%	15%	25%	20%	25%	25%
\$ Adjustment		\$0.20	\$0.00	\$0.95	\$0.51	\$1.15	\$0.70	\$0 69	\$1 13
Air Conditioning	100%	Office Only	Office Only	Office Only	Office Only	Office Only	Office Only	Office Only	Office Only
% Adjustment		25%	25%	25%	25%	25%	25%	25%	25%
\$ Adjustment		\$1.00	\$1.56	\$1.19	\$0.85	\$1.15	\$0.88	\$0.69	\$1.13
Net- Adjustments		\$0 70	\$1 06	\$1 40	\$0 86	\$1 80	\$0 90	\$0 88	\$1 75
Adj Rental Rate/SF		\$4.70	\$7.31	\$6.15	\$4.26	\$6.40	\$4.40	\$3.63	\$6.25
Indicated Net Market Rental Rate of Building:									
Average	\$5.39 /SF								
Median	\$5.43 /SF								
Comparable Weighting:		10%	10%	15%	10%	10%	15%	15%	15%
Weighted Average:	\$5.33 /SF								
Reconciled Rental Rate:	\$5.30 /SF	NNN							

Adjustments

Market Conditions

In the market overview section of the report, current and historic rents were shown. Rents have been relatively stable, and no adjustments were made.

Lease Type

The subject and comparable rents are triple net (NNN), and no adjustment is required.

Location

The subject is located in western Camden City. Due to Camden's crime rate, it is considered inferior to the comparable rentals' municipalities. This adjustment is lesser than the location adjustment for office rents, because industrial properties are often in secondary locations compared to offices. All of the rents are adjusted downward 5%.

Age/Condition

The subject was built in 1992 and is in good condition. Rent #3 is in good condition and #6 was built in 1999; these rents were not adjusted. The remaining properties are in average condition and were adjusted upward.

Security Expense

I estimate a security expense for the subject of \$1.25/SF. This is greater than the BOMA surveyed security expense of approximately \$0.75/SF. The difference is due to additional security required in the City of Camden. Therefore, properties not located in Camden have a security expense of \$0.50/SF less than the subject. The subject's lease is structured in which the tenant pays for security. The subject's lease rate should be \$0.50/SF less than rents not in Camden to balance out the additional expense paid by the tenant.

Physical Characteristics

This adjustment considers the ceiling height in the industrial space, and the percentage of office space in the leased unit. The subject's office/industrial building has 29% office space. Office space rents at a higher rate than industrial space, therefore an industrial building with a larger percentage of office space would lease at a higher rate. Each comparable was adjusted in consideration of office space and ceiling height.

Air Conditioning

The subject is 100% air conditioned and humidity controlled. The comparable rents are air conditioned only in their office space, making them inferior to the subject. The comparables were adjusted upward.

Conclusion

The market rents were weighted based on similarity to the subject. Rents #3, #6, #7, and #8 were given the most weight because they were given the least adjustments. Market rent is concluded to be \$5.30/SF/Year triple net.

Market Rent Conclusions

Market rent is shown below. The rent is applied to the subject's office and industrial space, and the overall potential rental income and average blended \$/SF rent are calculated.

Concluded Market Rent				
Building	Rent \$/SF/Yr	Type	Escalations	Base Term
Office	\$9.00	NNN	1%/year	7 Yrs
Office & Industrial	\$5.30	NNN	1%/year	7 Yrs

Blended Subject Rent				
Space	SF	Market Rent	Total Rent	
(A&E) Office	350,000	\$9.00	\$3,150,000	
(Ops) Office & Light Manufacturing	225,000	\$5.30	\$1,192,500	
Total	575,000		\$4,342,500	
Average Subject Rent (Total Rent / Total SF)			\$7.55 /SF/Year	

The subject's current contract rent is \$6.42/SF. While it is less than the blended market rent of \$7.55/SF, it is within the range of market rent. The current rent is not above market, and this reduces the overall risk of the property.

Absorption/Vacancy & Collection Losses

*Vacancy and Collection Loss is an allowance for reductions in potential gross income attributable to vacancies, tenant turnover, and non-payment of rent or other income.*¹²

The investor and appraiser are primarily interested in the annual revenue a property is likely to produce over a specified period of time rather than the income it would produce if it were always 100% occupied and tenants were paying their rent on time. A prudent investor would expect some income loss as tenants vacate, fail to pay rent, or pay their rent late.

Office vacancy is approximately 15% in the Southern NJ and Camden County submarkets (see prior charts), while Class A office in Camden is approximately 3% vacant. Industrial vacancy in Camden County is 8.5%+/- In Southern NJ and Camden City vacancy rates are 12% and 3% (7.5% average).

¹² Appraisal Institute: *The Appraisal of Real Estate*, 14th Edition. Chicago, IL: Appraisal Institute, 2013, p. 478.

A vacancy and collection loss of 5% is applicable to the subject. This considers the subject's percentage of industrial and office space, that the subject is currently approximately 100% leased to one tenant L-3, and the credit rating of L-3.

Credit Ratings Defined

A corporate credit rating is an evaluation of creditworthiness used by both public and private companies, whether or not they issue in the public debt markets. Maintained on either a confidential basis or publicly disseminated, the rating is designed to effectively communicate the firm's overall creditworthiness via a universally recognized gauge of credit quality. A corporate credit rating is a convenient, objective means of demonstrating a company's credit strength to its landlords, suppliers, trade creditors, foreign exchange, swap or derivative counter parties and other institutions with which it conducts business.

We have researched the credit rating for the subject tenant via Moodys. Credit ratings are based on current information furnished by the obligors or obtained by the ratings agencies from other sources considered reliable.

On May 18, 2010 Moody's gave L-3 Communications Corporation (name on lease) a long term rating of Baa3, which is at the low end of the investment grade scale. Moody's lists L-3's outlook as stable and it is not on the watchlist. This is the Moody's rating as of the effective date of value.

L-3 Communications Corporation

Ticker: LLL Moody's Org ID: 600023687

Long Term Rating

Baa3, Not on Watch

Outlook

Stable

Other Debts on Watch?:

No

Market Segment: Corporates

Industry: DEFENSE: EQUIP

Peer Group: Aerospace / Defense

Domicile: UNITED STATES

Analyst

Market Signals

Analyst:

Bruce Herskovics

Research

Ratings

Family Tree

Peer Group

Market Signals

Rating Class Detail

Debt List

Issuer Outlook

Export

Results:1

Class	Rating	Date	Action	Watch Status
Senior Unsecured (Domestic)	Baa3	18 May 2010	RATING ASSIGNED	Not on Watch

Credit ratings definitions are provided in the following table.

Moody's Credit Ratings

Type	Moody's	Definition
Investment Grade	Aaa	Prime Maximum safety Superior financial security
	Aa1	High grade, high quality
	Aa2	Excellent financial security
	Aa3	Highly safe
	A1	Upper medium grade
	A2	Good financial security
	A3	More susceptible to economic changes
	Baa1	Lower medium grade
	Baa2	Adequate financial security
	Baa3	More vulnerable to economic changes
Non-investment Grade	Ba1	Non investment grade meet long-term policies is vulnerable.
	Ba2	Speculative
	Ba3	Vulnerable financial security.
	B1	Highly speculative
	B2	Extremely vulnerable financial security.
	B3	Favorable conditions prevail.
	Caa1	Substantial risk
	Caa2	In poor standing
	Caa3	
	Ca	Extremely speculative
	C	May be in default
	--	Default

Expenses: Operating expenses are the annual direct expenses or annual cash outflows borne by the owner/investors of income-producing properties as the necessary cost of generating gross income. The expense figures used are typical of stabilized annual cash expenses to be paid by the owner of the property over the income projection period.

Typical expenses for an office property include real estate taxes, cleaning and trash, repairs and maintenance, utilities, roads and grounds, security, insurance and management. The subject property is leased on a triple net basis where the tenant is responsible for most expenses.

An attempt has been made to project what the typical investor would consider reasonable for a property of this type. The best indication of a property's future operating costs is its historical costs. However, limited subject expense information was provided (see Assumptions). The tenant, L-3, gave the appraiser the current utility (\$1,430,000, \$2.49/SF) and insurance (\$204,000, \$0.35/SF) expense.

We have based our estimates on available market information, discussions with local leasing agents, experience, and published information produced by BOMA. Estimated expenses for the subject are reflected on the chart below followed by comments on a few of the expenses.

Operating Expense Estimates \$/SF					
	<u>BOMA*</u>		<u>Subject</u>	<u>Expense Comparable</u>	<u>JMA</u>
	Median	Ave.	2013	2013 (1)	Projection Year 1
Cleaning	\$0.72	\$1.61			\$1.25
Repairs & Maint.	\$1.40	\$2.16			\$1.75
Utilities	\$1.94	\$2.38	\$2.49		\$2.50
Electricity	\$1.72	\$1.55			
Roads & Grounds	\$0.15	\$0.13			\$0.15
Security	\$0.69	\$0.80			\$1.25
Admin/Management	\$0.86	\$1.23			\$0.85
Insurance	\$0.13	\$0.17	\$0.35		\$0.35
Real Estate Tax					\$1.62
Totals **	\$5.89	\$8.48		\$9.40	\$9.72

*2013 BOMA Experience Exchange Report.

Criteria: Suburban Philadelphia, 300,000+ SF

** The BOMA total does not include the Electricity line item since this is included in the Utilities. Electricity was broken out because it is used in market rent Lease Type adjustments.

Expense Comparable

1) Ferry Terminal Building, 101,181 SF office building in Camden.

Cleaning, repairs & maintenance, and roads & grounds were estimated using BOMA and a figure between the median and average costs. It is noted that cleaning includes trash removal. Utilities and insurance were based on the reported costs according to the tenant. The security expense is above the expense shown in BOMA because of the location in Camden, and the need for additional security.

When estimating an appropriate administrative and management expense, the \$/SF BOMA figures of \$0.86 and \$1.23 were considered, as well as a typical management cost of 3% to 5% of effective gross income. An expense of \$0.85/SF is applied. This expense equals \$488,750, which is 5.5% of the effective gross income of \$8,815,715. This expense includes both management and administration.

Real estate taxes were discussed previously in the Real Estate Tax section. The subject's land is owned by the NJ Economic Development Authority (NJEDA), and therefore the land assessment is tax exempt. The market value analysis considers the subject's cash flow under

typical market ownership, and not NJEDA ownership. Therefore, the full real estate tax of \$933,450 is applied as the current expense.

Reserves for Replacements represents a reserve allowance for replacement of those items, which have a shorter economic life than the improvements as a whole. Such a reserve is typically not allocated by ownership, but rather expensed on an annual basis, thereby resulting in inconsistent expense increases during the years in which these expenses are incurred. In addition, ownership frequently capitalizes major (*replacement*) expense items, for tax purposes, and then depreciates them. These expenses do not appear as expenses, but rather as depreciation, an expense item, which for appraisal income/expense reconstruction purposes is excluded. Therefore, the concept of a reserve for replacements is in an attempt to stabilize legitimate sporadic replacement expenses and to recognize those major expenses, which are often capitalized.

The Q3-2013 PwC Investor survey indicates a range of \$0.15 to \$0.50/SF for national suburban offices and \$0.15 to \$1.00/SF for flex/R&D properties. A stabilized estimate is estimated at \$0.25/SF for the building and reflects its overall physical condition and age.

Leasing Expenses Leasing expenses include all commissions and referral fees incurred by the owner in leasing building space.

Commissions: The following is a commission structure, based on the probability of renewal for each basic tenant type.

Commission Structure	
New Tenants	5%
Renewal Tenants	3%
Probability of Renewal	70%
Blended Average	3.75%

Tenant Improvement Allowance: Alterations are the necessary expenses that occur after tenants have vacated the premises. In order to attract a new tenant to existing lease space, management will need to remodel or refurbish the space to meet the requirements of the lessee. As with leasing commissions, this cost is not a line item expense, rather a cost incurred based upon the timing of the leases, which must be recognized as an additional expense to the investor.

Tenant improvement (TI) costs are dependent on tenant requirements. An allowance of \$15.00/SF has been deducted for new tenants. For speculative renewals, an allowance of \$5.00/SF has been used. This is below typical rates for 100% office properties because the subject is approximately 28% light industrial space.

The following is the schedule of TI, based on the probability of renewal.

Tenant Improvement Allowance 2nd Generation			
Renewal Probability		70%	
Typical Lease Term		7	years
Tenant Improvement Cost			
<u>Lease</u>	<u>TI</u>	<u>Probability</u>	<u>TI x Probability</u>
New Tenant	\$15.00	30%	\$4.50
Renewal Tenant	\$5.00	70%	\$3.50
Blended TI Cost			\$8.00
Cost/Year			\$1.14

Direct Capitalization

Capitalization Rate Development

The residual net income produced by the subject property is converted to a capital sum with an overall capitalization rate. This rate reflects the direct relationship between the net income produced by the real estate and its price or value in the market.

The selection of an appropriate capitalization rate is related to many factors including the degree of apparent risk involved, market attitudes towards inflation and available rates of return for alternative investments. Capitalization rates are based on a buyer's anticipated income expectations. These expectations may differ depending on the buyer's confidence in a property's income generating capacity.

In order to estimate a capitalization rate, input from a number of sources, including comparable sales data, published industry sources, and my own experience and awareness of current money rate trends, was relied upon. Several capitalization rate development techniques were considered and reconciled with one another as follows:

Investor Survey The PwC Real Estate Investor Survey monitors trends in the institutional real estate market. The quarterly survey focuses on larger, investment-grade properties, and evaluates them on a national basis. The categories in PwC most applicable to the subject would be the Philadelphia office market, national suburban office market, and national flex/R&D market.

Capitalization rate trends reported by PwC are on the following tables. The overall capitalization rates (OAR) shown are the rates on unleveraged all-cash transactions.

PwC Real Estate Investor Survey-Third Quarter 2013

Table 17 PHILADELPHIA OFFICE MARKET Third Quarter 2013					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)*					
Range	7.00% – 12.00%	7.00% – 12.00%	8.00% – 11.00%	8.00% – 11.00%	8.00% – 11.00%
Average	9.10%	9.18%	9.16%	9.38%	9.29%
Change (Basis Points)		- 8	- 6	- 28	- 19
OVERALL CAP RATE (OAR)*					
Range	6.75% – 10.00%	7.00% – 10.00%	7.00% – 10.00%	7.25% – 10.00%	5.00% – 11.00%
Average	8.45%	8.49%	8.46%	8.71%	8.13%
Change (Basis Points)		- 4	- 1	- 26	+ 32

Table 5 NATIONAL SUBURBAN OFFICE MARKET Third Quarter 2013					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)*					
Range	6.00% – 12.50%	6.00% – 12.50%	6.00% – 12.50%	7.00% – 13.00%	7.00% – 12.50%
Average	8.74%	8.75%	8.60%	9.45%	8.93%
Change (Basis Points)		- 1	+ 14	- 71	- 19
OVERALL CAP RATE (OAR)*					
Range	5.00% – 11.00%	5.00% – 11.00%	5.00% – 10.50%	6.00% – 11.50%	5.00% – 10.50%
Average	7.51%	7.55%	7.53%	8.40%	7.34%
Change (Basis Points)		- 4	- 2	- 89	+ 17

Table 25 NATIONAL FLEX/R&D MARKET Third Quarter 2013					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)*					
Range	7.50% – 12.00%	7.50% – 12.00%	7.50% – 13.00%	8.25% – 13.00%	6.75% – 10.00%
Average	8.95%	9.21%	9.27%	10.23%	8.69%
Change (Basis Points)		- 26	- 32	- 128	+ 26
OVERALL CAP RATE (OAR)*					
Range	6.25% – 10.00%	6.50% – 10.00%	7.00% – 12.00%	7.50% – 12.00%	5.50% – 9.25%
Average	7.83%	8.15%	8.54%	9.15%	7.60%
Change (Basis Points)		- 32	- 71	- 132	+ 23

Risk factors associated with the subject as an investment include the 575,000 SF size of the asset, lease expiration in 2018, and atypical office finish percentage. Given these factors, a capitalization rate above the averages is considered reasonable.

Band of Investment Technique incorporates a weighted blending of the required returns of the debt and equity contributions to an investment. The rate is built-up by a synthesis of mortgage and equity capital funding with appropriate rate of return considerations as they relate to the subject property. Generally, a commercial real estate investment consists of a large

amount of mortgage money (50%-85% of the total investment) and a smaller amount of equity capital (15%- 50%). Thus, 50% to 85% of a project's cost of capital is based on the mortgage interest rate, which implies that 50% to 85% of the capitalization is determined by the cost of the mortgage financing. This technique indicates the most probable permanent mortgage financing terms available to the subject property, as of the valuation date.

In order to gather the necessary information to calculate the OAR for a property similar to the subject, we have reviewed financing information from RealtyRates.com - Investor Survey and ACLI. According to the most recent surveys, current investment parameters applicable are as follows:

RealtyRates.com INVESTOR SURVEY - 3rd Quarter 2013*											
PERMANENT FINANCING											
	Apt.	Golf	Health Senior Housing	Ind.	Lodging	RV/Camp Mfg Hsg MH Park	Office	Restaurant	Retail	Self Storage	Special Purpose
Spread Over Base**											
Minimum	0.70%	1.20%	1.27%	0.97%	1.20%	0.99%	0.97%	2.27%	0.75%	1.05%	2.00%
Maximum	6.57%	11.50%	7.94%	6.57%	11.26%	8.22%	6.57%	11.52%	6.77%	6.57%	12.00%
Average	3.84%	5.41%	3.27%	2.89%	3.64%	3.93%	3.27%	4.57%	3.00%	5.03%	4.69%
Interest Rate											
Minimum	2.63%	3.13%	3.20%	2.90%	3.13%	2.92%	2.90%	4.20%	2.68%	2.68%	3.93%
Maximum	8.50%	13.43%	9.87%	8.50%	13.19%	10.15%	8.50%	13.45%	8.70%	8.70%	13.93%
Average	5.77%	7.34%	5.20%	4.82%	5.57%	5.86%	5.20%	6.50%	4.93%	4.93%	6.62%
Debt Coverage Ratio											
Minimum	1.10	1.20	1.12	1.15	1.00	1.15	1.15	1.15	1.05	1.15	1.15
Maximum	1.96	2.25	2.30	2.15	3.00	2.05	2.25	2.25	2.25	2.75	2.10
Average	1.43	1.60	1.56	1.49	1.60	1.41	1.70	1.66	1.41	1.66	1.70
Loan-to-Value Ratio											
Minimum	50%	50%	50%	50%	50%	50%	50%	50%	50%	90%	50%
Maximum	90%	80%	90%	90%	80%	90%	90%	75%	90%	50%	80%
Average	73%	66%	71%	70%	67%	70%	73%	64%	70%	69%	64%
Amortization (Yrs.)											
Minimum	15	15	15	15	15	15	15	15	15	40	15
Maximum	40	40	40	40	40	40	40	30	40	15	40
Average	27	22	25	24	22	25	30	21	25	28	22
Term (Yrs.)											
Minimum	3	5	3	3	5	5	3	3	3	3	3
Maximum	40	30	25	30	30	30	30	15	10	10	20
Average	20.50	9.00	13.65	11.46	7.80	9.15	8.00	7.45	6.20	6.10	7.85
** 10-Year Treasury											

*2nd Quarter 2013 Data

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The equity capitalization rate is the ratio of the annual pre-tax cash flow (*after mortgage payments are deducted*) to the amount of the equity investment. It is a rate of return both on and of capital.

It should be emphasized that this return to equity is not necessarily the same as an equity yield rate or true rate of return on equity capital. This equity requirement is simply that rate of return necessary to initially attract investment capital. It is the short-term rate of return also known as the cash-on-cash return. Appreciation and tax advantages created by real estate investment will serve to attract investors to the initial rate of return which is not the full measure of real expectations or true returns.

ACLI - Office					
Q3-2013	Classification	Overall Cap Rate	LTV	Mortgage Constant	Equity Cap Rate*
	Loan \$15M-\$24.9M	7.85%	54%	5.84%	10.21%
	MidAtlantic	4.68%	52%	5.19%	4.13%
	200,000 SF+	5.75%	54%	5.19%	6.41%
	Average	6.09%			6.91%

*Calculated utilizing the Overall Cap Rate, Mortgage Constant, and LTV Ratio

ACLI - Industrial					
Q3-2013	Classification	Overall Cap Rate	LTV	Mortgage Constant	Equity Cap Rate*
	Loan \$15M-\$24.9M	6.87%	65%	5.75%	8.95%
	MidAtlantic	6.68%	62%	7.54%	5.28%
	200,000 SF+	6.91%	66%	6.25%	8.19%
	Average	6.82%			7.47%

*Calculated utilizing the Overall Cap Rate, Mortgage Constant, and LTV Ratio

The equity return estimate was developed through an analysis of other investment market rates and through reported requirements of local and national real estate investors.

Other Investment Market Rates									
As of 11/7/2013	Prime Rate	Corporate Bonds (AAA)	Corporate Bonds (BAA)	3 Month Treasury Bill	1 Year Treasury Bond	5 Year Treasury Bond	10 Year Treasury Bond	30 Year Treasury Bond	Average of the Other Rates
	3.25	4.57	5.33	0.05	0.11	1.31	2.63	3.71	2.62

The following table displays the available financing terms within the market and indicates the following for a typical loan on the subject property:

The formula for deriving the overall rate utilizing the Band of Investment technique is shown as follows:

$$\begin{array}{l} \text{Mortgage Component} \\ \text{Equity Component} \end{array} \quad \begin{array}{l} M \times R_M = \\ (1-M) \times R_E = \end{array}$$

Where:

M equals the loan-to-value ratio.

R_M equals the mortgage constant.

R_E equals the equity capitalization rate.

Thus, the estimated overall rate through this technique is developed as follows:

<u>Band of Investment</u>			
Loan-to-Value Ratio	70.00%		
Interest Rate	5.00%		
Amortization (Years)	30		
Equity Dividend	9.00%		
			Weighted
Mortgage Component *	70.00%	6.44%	4.5093%
Equity Component	30.00%	9.00%	<u>2.7000%</u>
			7.21%
Rounded:			7.20%
*Rm calculated to be	6.44%		

Debt Coverage Ratio: Due to the current state of the economy and overall trends in the real estate industry, more investors are looking at the relationship between debt and overall cap rates. Thus, we have included the following DCR analysis.

A debt coverage ratio is the ratio of NOI to annual debt service. The DCR method of deriving an overall rate involves factoring the debt coverage ratio that is typically required by a lender during the underwriting of the loan request. The estimated overall rate is derived by multiplying the debt coverage ratio, the loan-to-value ratio, and the mortgage constant.

To estimate an overall rate, the debt coverage ratio is multiplied by the mortgage constant and the loan-to-value ratio. The formula is as follows:

$$R_o = DCR \times R_m \times M$$

R_o = overall rate
 DCR = debt coverage ratio
 R_m = mortgage constant
 M = loan-to-value ratio

	DCR	R_M	M
Overall Rate =	1.6	6.44%	70%
DCR x R _M x M		7.21%	

Reconciliation of Capitalization Rate: The following overall capitalization rates were estimated through each source. The indicated cap rate is further supported by published sources. The concluded rate considers the risks associated with the property (see subsequent discussion in the discount rate section).

Summary of Capitalization Rates	
Band of Investment	7.20%
Debt Coverage Ratio	7.21%
PwC Philadelphia Office Average	8.45%
PwC National Suburban Office Average	7.51%
PwC National Flex/R&D Average	7.83%
ACLI Office Average	6.09%
ACLI Industrial Average	6.82%
Average	7.30%
Conclusion	8.50%

For the direct capitalization method, we will capitalize the stabilized net operating income estimate.

Direct Capitalization		
Rental Revenue		\$3,688,750
Reimbursed Expenses		<u>\$5,590,950</u>
Total Potential Gross Income		\$9,279,700
Vacancy & Collection Loss	5%	(\$463,985)
Effective Gross Revenue		\$8,815,715
Operating Expenses		
<i>Reimbursable</i>		
Cleaning	\$1.25	\$718,750
Repairs & Maintenance	\$1.75	\$1,006,250
Utilities	\$2.50	\$1,437,500
Roads & Grounds	\$0.15	\$86,250
Security	\$1.25	\$718,750
Admin/Management	\$0.85	\$488,750
Insurance	\$0.35	\$201,250
RE Taxes	\$1.62	<u>\$933,450</u>
<i>Total Reimbursable</i>		\$5,590,950
<i>Non-Reimbursable</i>		
Reserves	\$0.25	\$143,750
Total Operating Expenses	\$9.72	\$5,734,700
Net Operating Income		\$3,081,015
Overall Capitalization Rate (R _o)		8.50%
Indicated Value		\$36,247,235
Rounded		\$36,200,000

Yield Capitalization (DCF Analysis)

Yield capitalization is utilized as an additional means of estimating the subject's market value by the income capitalization approach. This method utilizes a DCF analysis and is currently in wide use by most sophisticated investors and purchasers of income-producing properties. Its advantage is that it allows for year-to-year variations of projected income and expenses while reflecting all actual contractual income expected to accrue to the property.

Properly utilized, the DCF analysis should mirror the expectations and requirements of typical investors and purchasers of real estate at the time of the appraisal. The criteria used in this analysis are based on the best available data in the marketplace. Documentation and logic supporting the estimates of gross and net income have been previously discussed. Other important elements of the DCF analysis are described in the following discourse.

Gross Potential Rental Income

The gross rental income in each period of the DCF analysis reflects the timing of the lease. We assume the tenant will remain at the subject through their lease term. At the expiration of the current lease, the subject goes to a market rent. Market rent is applied whether or not L-3 remains at the subject. The difference between L-3 remaining at the subject and vacating is reflected in potential downtime until the subject is released to a new tenant, the amount of tenant improvements the landlord contributes toward a renewal or a new tenant, and the leasing commission on a renewal versus a new lease.

Vacancy and Downtime: In analyzing investor vacancy assumptions, investors in the market account for vacancy with four basic assumptions: 1) months vacant (downtime); 2) tenant retention; 3) general vacancy and credit loss.

In the analysis, 10 year cash flow was utilized. The following details our renewal and vacancy assumptions for the subject property over the holding period.

- (1) Months vacant, or downtime relates to the number of months it will take to re-lease a space if vacated. The majority of institutional investors estimate downtime between 6 to 9 months to find a tenant to re-lease space that has been vacated. Obviously, downtime estimates are a function of the strength of a given market. In tighter and very stable markets, downtime estimates are generally low; in weaker markets, downtime is longer reflecting more competition for a smaller pool of potential tenants. Given the unique location of the subject, we have projected a downtime estimate of 12 months, applied to all tenants.
- (2) Tenant retention refers to the probability of a tenant remaining in their space after lease expiration. In some cases, we know whether a tenant is planning to renew a lease (100% probability of renewal) or vacate a certain space (0% probability of renewal). In most instances, this is unknown, given that the date of rollover is well into the future. PwC Investor Surveys (shown on the following page) reflect tenant retention at 50% to 75% with

an average of approximately 64%. Upon expiration of the initial lease term, we estimate a 70% probability of renewal for all tenants.

PwC Q3-2013 National Suburban Office Market		PwC Q3-2013 National Flex/R&D Market	
KEY 3Q13 SURVEY STATS		KEY 3Q13 SURVEY STATS	
Tenant Retention Rate:		Tenant Retention Rate:	
Average	64.0% =	Average	63.5%
Range	50.0% to 75.0%	Range	50.0% to 75.0%

Based on our projection of 9 months downtime and 70% renewal probability, the blended result is calculated as follows.

Blended Average Months Vacant			
Type of Lease	Months Vacant	Probability	Months
New Leases	9.0	30%	2.7
Renewals	0.0	70%	0.0
Blended Average Months Vacant			2.7

- (3) General vacancy and credit loss takes into consideration an allowance for reductions in potential, income. The deduction is the result of vacancies and non-payment in rent. This is generally calculated as a percentage of total revenue uncollected due to unexpected vacancy or credit loss (in addition to any rent loss from vacancies at lease expiration). Considering vacancy levels over the projection period (after the initial lease-up), a review of available market information and the anticipated performance of the subject, the stabilized vacancy and collection loss rate has been estimated previously, no general vacancy was included in the analysis. In the cash flow projection *all of the vacancy is accounted for in the downtime projection/renewal probability. However, a 2% collection loss was applied.*

Absorption: The property is 100% leased to L-3; therefore, no absorption projection for near-term lease-up is necessary.

Rent/Expense Escalation: Below is PwC investor survey data regarding rent and expense changes within suburban office and flex/R&D markets. The most recent data shows expense changes of 1.0% to 3.0%.

Rental rate changes are shown to be -2.0% to 4%.

PwC Real Estate Investor Survey-Third Quarter 2013

Table 25
NATIONAL FLEX/R&D MARKET
 Third Quarter 2013

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
MARKET RENT CHANGE^b					
Range	0.00% – 3.00%	0.00% – 3.00%	0.00% – 3.00%	(2.00%) – 3.00%	(2.00%) – 5.00%
Average	2.00%	1.67%	1.33%	0.08%	2.50%
Change (Basis Points)		+ 33	+ 67	+ 192	– 50
EXPENSE CHANGE^b					
Range	2.00% – 3.00%	2.00% – 3.00%	2.00% – 3.00%	1.00% – 3.00%	2.00% – 3.00%
Average	2.90%	2.92%	2.92%	2.83%	2.95%
Change (Basis Points)		– 2	– 2	+ 7	– 5

Table 5
NATIONAL SUBURBAN OFFICE MARKET
 Third Quarter 2013

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
MARKET RENT CHANGE^b					
Range	(2.00%) – 4.00%	(3.00%) – 4.00%	(3.00%) – 4.00%	(10.00%) – 4.00%	(1.00%) – 8.00%
Average	1.60%	1.55%	1.42%	(0.63%)	2.44%
Change (Basis Points)		+ 5	+ 18	+ 223	– 84
EXPENSE CHANGE^b					
Range	1.00% – 3.00%	1.00% – 4.00%	2.00% – 4.00%	2.00% – 4.00%	3.00% – 3.30%
Average	2.55%	2.65%	2.75%	2.77%	3.02%
Change (Basis Points)		– 10	– 20	– 22	– 47

b. Initial rate of change

An expense increase of 2.75% and a market rent increase of 1% is applied to the discounted cash flow.

Holding Period: A 10-year holding period is typical of that used by investors in the marketplace today for properties similar to the subject. A 10-year holding period was used in this analysis.

Discount (Yield) Rate Selection: The proper selection of a yield rate is critical to the DCF analysis. In order to translate the forecasted income stream into an estimate of value, the NOI for each year, as well as the value of the reversion upon termination of the investment, is discounted to the present utilizing a selected discount rate, which for the purposes of this report is interchangeable with the internal rate of return (IRR).

Yield rates are partially a function of perceived risks. Real estate must compete with other investment instruments in the capital markets. Because real estate is immobile and illiquid, it is generally regarded with a greater degree of risk than fixed-rate investments with a stated yield.

However, yields on commercial real estate are far more difficult to quantify as real estate is traded less frequently than other types of investments.

PwC details discount rates specifically for the national market. These trends are provided in the following tables.

PwC Real Estate Investor Survey-Third Quarter 2013

Table 5 NATIONAL SUBURBAN OFFICE MARKET Third Quarter 2013					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)*					
Range	6.00% – 12.50%	6.00% – 12.50%	6.00% – 12.50%	7.00% – 13.00%	7.00% – 12.50%
Average	8.74%	8.75%	8.60%	9.45%	8.93%
Change (Basis Points)		- 1	+ 14	- 71	- 19
OVERALL CAP RATE (OAR)*					
Range	5.00% – 11.00%	5.00% – 11.00%	5.00% – 10.50%	6.00% – 11.50%	5.00% – 10.50%
Average	7.51%	7.55%	7.53%	8.40%	7.34%
Change (Basis Points)		- 4	- 2	- 89	+ 17

Table 25 NATIONAL FLEX/R&D MARKET Third Quarter 2013					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)*					
Range	7.50% – 12.00%	7.50% – 12.00%	7.50% – 13.00%	8.25% – 13.00%	6.75% – 10.00%
Average	8.95%	9.21%	9.27%	10.23%	8.69%
Change (Basis Points)		- 26	- 32	- 128	+ 26
OVERALL CAP RATE (OAR)*					
Range	6.25% – 10.00%	6.50% – 10.00%	7.00% – 12.00%	7.50% – 12.00%	5.50% – 9.25%
Average	7.83%	8.15%	8.54%	9.15%	7.60%
Change (Basis Points)		- 32	- 71	- 132	+ 23

In relating this survey data to the subject property, one must consider the source and scope of the survey. PwC is a national survey and generally relates well to trends in investment grade properties. For this reason, the information presented above must be seen from the perspective of the subject property. In selecting a discount rate for the subject property, several specific factors should be considered: (1) investor perceptions regarding the area's market; (2) the subject's market position based on age/quality; (3) the subject's tenant base with respect to credit risk and lease rollovers; and (4) the likelihood of achieving our projections used in this analysis throughout the holding period.

Strengths

- The subject property has a long term lease to a credit tenant that expires in 2018.
- The current rent is not above market, which lessens the risk of the tenant vacating.
- The physical nature of the subject, total square footage & interior finishes and features, increases the probability that the tenant would choose to renew their lease rather than move elsewhere.
- The asset is in average to good overall condition.
- The property is located approximately 1 block from the revitalized waterfront area of Camden.
- There are tax incentives for companies locating in Camden offer by the New Jersey Economic Development Authority.

Weaknesses

- The subject's 575,000 SF size.
- The subject is leased to one tenant, and if they vacate when their lease expires there will be a high holding cost for the owner until the property was released.
- The property might have difficulty attracting tenants in the future (if L-3 vacated) and maintaining tenants given its location in the City of Camden, which has historically had a negative reputation.
- The subject's atypical finish of 72% office space and 28% light industrial space.

Based on a review of the survey information, ***a discount rate of 10% has been concluded***, which is slightly above the average rates reflected by the aforementioned investor survey.

Exit Capitalization Rate Selection

Most investors typically add 25 to 75 basis points to the stabilized rate to reflect the increased risk of a property at the end of the assumed holding period. The holding period in this analysis is 10 years. Terminal (residual) capitalization rates were reported in the PwC Investor Survey, shown below.

PwC Real Estate Investor Survey-Third Quarter 2013

Table 5 NATIONAL SUBURBAN OFFICE MARKET Third Quarter 2013					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
RESIDUAL CAP RATE					
Range	6.00% – 11.00%	6.00% – 11.00%	6.00% – 11.00%	7.00% – 11.50%	6.00% – 11.00%
Average	8.04%	8.04%	7.98%	8.56%	7.93%
Change (Basis Points)		0	+ 6	- 52	+ 11

Table 25 NATIONAL FLEX/R&D MARKET Third Quarter 2013					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
RESIDUAL CAP RATE					
Range	6.75% – 10.00%	7.00% – 10.00%	7.00% – 10.00%	7.50% – 11.50%	7.00% – 10.50%
Average	7.93%	8.21%	8.31%	9.17%	8.20%
Change (Basis Points)		- 28	- 38	- 124	- 27

A terminal capitalization rate of 8.75% is concluded to, 25 basis points above our projected going in capitalization rate.

Selling Costs

Respondents in the PwC Q3-2013 investor survey of national suburban offices and flex/R&D buildings reported anticipated selling costs to be 1% to 6% of proceeds from resale. Considering the size of the subject asset, we will deduct 2% in selling costs to calculate the reversion at the end of the holding period.

Yield Capitalization Conclusions

A summary of assumptions is provided in the following table.

Summary of DCF Assumptions	
Analysis Start	1-Jan-14
Holding Period	10 Years
Blended Market Lease Rate	\$7.55 /SF/Year
Escalation Within Lease	1%/year
Concessions	None
Market Lease Term	7 Years
Expense Recovery	NNN
Rent Inflation	1%/year
Expense Inflation	2.75%/year
Tenant Improvements	\$15.00 /SF New 2nd Generation
	\$5.00 /SF Renew
Renewal Probability	70%
Lease Commissions	5.00% New
	3.00% Renew
Entrance Cap Rate	8.50%
Terminal Cap Rate	8.75%
Discount Rate	10.00%
<u>Vacancy & Collection Assumptions</u>	
Downtime Between Leases	12 months
Collection Loss	2%
Capital Reserve	\$0.25/SF
Selling Expense	2.00%

With each of the required elements now identified, we are able to analyze the results of our DCF analyses, which follow. A present value report produced by Argus, the cash flow program used to generate these DCFs, accompanies these cash flows.

The cash flows and valuation summary are on the following pages.

J. MCHALE & ASSOCIATES



L-3
Camden, NJ

Software: ARGUS Valuation - Lite Ver. 4.0.1.26
File: 213311 L-3 Argus file
Property Type: Office/Industrial

Schedule Of Prospective Cash Flow In Inflated Dollars for the Fiscal Year Beginning 1/1/2014

For the Years Ending	Year 1 Dec-2014	Year 2 Dec-2015	Year 3 Dec-2016	Year 4 Dec-2017	Year 5 Dec-2018	Year 6 Dec-2019	Year 7 Dec-2020	Year 8 Dec-2021	Year 9 Dec-2022	Year 10 Dec-2023	Year 11 Dec-2024
Potential Gross Revenue											
Base Rental Revenue	\$3,688,750	\$3,688,750	\$3,688,750	\$3,688,750	\$4,232,500	\$4,341,250	\$4,341,250	\$4,341,250	\$4,341,250	\$4,341,250	\$4,341,250
Absorption & Turnover Vacancy					(1,447,083)						
Scheduled Base Rental Revenue	3,688,750	3,688,750	3,688,750	3,688,750	2,785,417	4,341,250	4,341,250	4,341,250	4,341,250	4,341,250	4,341,250
Base Rental Step Revenue					89,125	224,250	264,500	310,500	362,250	408,250	454,250
Expense Reimbursement Revenue											
Cleaning	718,750	738,516	758,825	779,692	356,060	823,165	845,802	869,062	892,961	917,517	942,749
Repair & Maint.	1,006,250	1,033,922	1,062,355	1,091,569	747,725	1,152,431	1,184,123	1,216,687	1,250,145	1,284,524	1,319,849
Utilities	1,437,500	1,477,031	1,517,650	1,559,385	890,149	1,646,330	1,691,605	1,738,124	1,785,922	1,835,035	1,885,498
Roads & Grounds	86,250	88,622	91,059	93,563	64,091	98,780	101,496	104,287	107,155	110,102	113,130
Security	718,750	738,516	758,825	779,692	489,582	823,165	845,802	869,062	892,961	917,517	942,749
Admin/Management	488,750	502,191	516,001	530,191	363,181	559,752	575,146	590,962	607,213	623,912	641,069
Insurance	201,250	206,784	212,471	218,314	149,545	230,486	236,825	243,337	250,029	256,905	263,970
RE Taxes	933,450	959,120	985,496	1,012,597	693,629	1,069,055	1,098,454	1,128,662	1,159,700	1,191,592	1,224,361
Total Reimbursement Revenue	5,590,950	5,744,702	5,902,682	6,065,003	3,753,962	6,403,164	6,579,253	6,760,183	6,946,086	7,137,104	7,333,375
Total Potential Gross Revenue	9,279,700	9,433,452	9,591,432	9,753,753	6,628,504	10,968,664	11,185,003	11,411,933	11,649,586	11,886,604	12,128,875
Collection Loss	(185,594)	(188,669)	(191,829)	(195,075)	(132,570)	(219,373)	(223,700)	(228,239)	(232,992)	(237,732)	(242,577)
Effective Gross Revenue	9,094,106	9,244,783	9,399,603	9,558,678	6,495,934	10,749,291	10,961,303	11,183,694	11,416,594	11,648,872	11,886,298
Operating Expenses											
Cleaning	718,750	738,516	758,825	779,692	534,089	823,165	845,802	869,062	892,961	917,517	942,749
Repair & Maint.	1,006,250	1,033,922	1,062,355	1,091,569	1,121,588	1,152,431	1,184,123	1,216,687	1,250,145	1,284,524	1,319,849
Utilities	1,437,500	1,477,031	1,517,650	1,559,385	1,335,223	1,646,330	1,691,605	1,738,124	1,785,922	1,835,035	1,885,498
Roads & Grounds	86,250	88,622	91,059	93,563	96,136	98,780	101,496	104,287	107,155	110,102	113,130
Security	718,750	738,516	758,825	779,692	734,373	823,165	845,802	869,062	892,961	917,517	942,749
Admin/Management	488,750	502,191	516,001	530,191	544,771	559,752	575,146	590,962	607,213	623,912	641,069
Insurance	201,250	206,784	212,471	218,314	224,318	230,486	236,825	243,337	250,029	256,905	263,970
RE Taxes	933,450	959,120	985,496	1,012,597	1,040,443	1,069,055	1,098,454	1,128,662	1,159,700	1,191,592	1,224,361
Reserves	143,750	147,703	151,765	155,938	160,227	164,633	169,160	173,812	178,592	183,503	188,550
Total Operating Expenses	5,734,700	5,892,405	6,054,447	6,220,941	5,791,168	6,567,797	6,748,413	6,933,995	7,124,678	7,320,607	7,521,925
Net Operating Income	3,359,406	3,352,378	3,345,156	3,337,737	704,766	4,181,494	4,212,890	4,249,699	4,291,916	4,328,265	4,364,373
Leasing & Capital Costs											
Tenant Improvements					4,600,000						
Leasing Commissions					1,178,244						
Total Leasing & Capital Costs					5,778,244						
Cash Flow Before Debt Service & Taxes	\$3,359,406	\$3,352,378	\$3,345,156	\$3,337,737	(\$5,073,478)	\$4,181,494	\$4,212,890	\$4,249,699	\$4,291,916	\$4,328,265	\$4,364,373

L-3
Camden, NJSoftware: ARGUS Valuation - Lite Ver. 4.0.1.26
File: 213311 L-3 Argus file
Property Type: Office/Industrial**Property Summary Report****Timing & Inflation**Reporting Period: January 1, 2014 to December 31, 2023; 10 years
Inflation Month: Analysis Start**Property Size & Occupancy**Property Size: 575,000 Square Feet
Number of rent roll tenants: 1
Total Occupied Area: 575,000 Square Feet, 100.00%, during first month of analysis**Credit & Collection Loss**Method: Percent of Potential Gross Revenue
Rate: 2.00%**Property Purchase & Resale**Purchase Price: -
Resale Method: Capitalize Net Operating Income
Cap Rate: 8.75%
Cap Year: Year 11
Commission/Closing Cost: \$997,571
Net Cash Flow from Sale: \$48,880,978**Present Value Discounting**Discount Method: Annually (Endpoint on Cash Flow & Resale)
Unleveraged Discount Rate: 10.00%
Unleveraged Present Value: \$36,306,716 at 10.00%**Conclusions through the Income Capitalization Approach**

Value indications by both direct capitalization, and yield capitalization (DCF) were employed to develop an estimate of value for the subject property by the income capitalization approach. We conclude with a final value via the income approach as follows:

Valuation Date	Interest Appraised	Reconciled	<u>Direct Cap</u>	<u>DCF</u>
November 14, 2013	Leased Fee	\$36,300,000	\$36,200,000	\$36,300,000

Typically, yield capitalization is given greater weight where leases have a significant impact on the income stream. This is typically used by more sophisticated investors. Direct capitalization is most useful where the income stream escalates in a more consistent manner. Given that the property is stabilized, weight has been placed on both analyses. However, more weight was given to the DCF analysis due to the lease roll-over during the cash flow.

Reconciliation

In the final reconciliation, the appraiser must insure that the approaches and methods used relate to the real property interest being appraised, the definition of value under consideration, and the purpose and use of the appraisal. In the analysis of the subject, each of the three traditional approaches to value has been considered in estimating value for the subject property. The following value estimates were derived by each approach employed:

Valuation Date	Interest Appraised	Conclusion	Income Capitalization Approach	Sales Comparison Approach	Cost Approach
November 14, 2013	Leased Fee	\$36,300,000	\$36,300,000	\$38,500,000	N/A

The income capitalization approach is usually given greatest weight when evaluating investment properties since it reflects the subject's net operating income. Income approach is also given the greatest weight when valuing a leased fee interest.

The subject has a long term tenant, L-3, who leases 100% of the subject. L-3's lease ends February 2018. An investor is the most likely purchaser of the property.

Value Conclusion

After considering all of the facts and circumstances in connection with the subject property, I conclude that the estimated **Market Value** for the **Leased Fee interest** as of the valuation dates is as follows:

- \$36,300,000 -
Thirty Six Million Three Hundred Thousand Dollars

Notes:

1. *Based on discussions with NJEDA, the land lease encumbering the subject property is a lease between interrelated parties (the land owner). Therefore, it is assumed that land ownership reflects the fee simple interest. Based on this assumption, no land lease payments have been included in our income projections. If ground lease payments were to be included, the value reported herein could be subject to downward revision.*
2. *It has been assumed that the existing tenant, L-3 Communications, will remain at the subject through their lease term which ends in February 2018.*
3. *The appraiser was provided with limited subject operating expense information, consisting of the current costs of a few expenses. This information was provided by the tenant, L-3. The appraiser was not provided with the subject's three year historic income and expenses which was requested. My cash flow projections were based on published operating data, an expense comparable, and the information provided by L-3. If income and expense information were to be provided, the value and projections provided herein might be subject to change.*
4. *The subject's lease to L-3 Communications indicates a total rentable area of 575,000 SF. For purposes of this appraisal, the square footage (575,000 SF) in the lease is assumed to be accurate. If the actual square footage is materially different, the value reported herein could warrant modest revision.*

Certification Statement

I certify that, to the best of my knowledge and belief:

- * The statements of fact contained in this report are true and correct.
- * The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, unbiased professional analyses, opinions, and conclusions.
- * I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- * I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- * I previously appraised the subject property. The report date was March 24, 2010, the effective date of valuation was March 4, 2010, and the client was TD Bank, N.A.. I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- * My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- * My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- * My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice (USPAP)*.
- * The use of this report is subject to the requirements of the Appraisal Institute, with which I am affiliated, relating to review by its duly authorized representatives.
- * Susan T. Roettger provided assistance in the research of data used for the development of this report.
- * I have personally inspected the property that is the subject of this report along with all comparable properties used in the report.
- * I certify that, to the best of my knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice (USPAP)* as promulgated by the Appraisal Standards Board of the Appraisal Foundation. In addition, the report is in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute, with which I am affiliated.
- * As of the date of this report, I have completed the requirements of the Continuing Education Program of the Appraisal Institute.

December 2, 2013

Date of Report



Jerome J. McHale, MAI
Certified General Appraiser
New Jersey License No. RG 00239

Assumptions & Limiting Conditions

The appraisal report is subject to the following assumptions and limiting conditions set forth as follows. Additional assumptions and limiting conditions may be cited elsewhere in the report.

1. To the best of my knowledge, the statements of facts contained in the appraisal report, upon which the analysis, opinions and conclusions expressed are based, are true and correct. Information, estimates and opinions furnished to us and contained in the report or utilized in the formation of the value conclusion was obtained from sources considered reliable and believed to be true and correct. However, no representation, liability or warranty for the accuracy of such items is assumed by or imposed on us, and is subject to corrections, errors, omissions and withdrawal without notice.
2. Title is assumed to be good and marketable. The appraiser assumes no responsibility for legal matters affecting the property or title, nor does the appraiser render any opinion as to the title.
3. The legal description, areas, and dimensions shown within the report are assumed to be correct.
4. No survey of the property has been made by the appraiser. Exhibits such as site plans and floor plans are included to assist the reader in visualizing the property, and the appraiser assumes no responsibility.
5. It is assumed that there are no hidden or adverse conditions of the property, subsoil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for the engineering/remediation that may be required to remove such condition. If the client has a concern over the existence of such conditions in the property, I consider it imperative to retain the services of a qualified engineer or contractor to determine the existence and extent of such hazardous conditions. Such consultation should include the estimated cost associated with any required treatment or removal of the hazardous material.
6. The property has been appraised as though free of liens and encumbrances unless so specified within the report.
7. Management and ownership are assumed to be competent.
8. Public, industry and statistical information are from sources that I deem to be reliable. However, no representation as to the accuracy or completeness of such information is being made.
9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.

10. It is assumed that any mechanical and electrical equipment, which is considered part of the real estate, is in proper operating condition except when noted herein. These include items such as the heating, air conditioning, plumbing, sprinkler, and electrical systems.
11. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
12. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or federal governmental or private entity have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
13. The appraisal is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal. Furthermore, this report and all conclusions are for the exclusive use of the client for the sole and specific purpose(s) stated herein.
14. I am not required to give testimony or be in attendance at any court or administrative proceeding with reference to the property appraised, unless arrangements have been previously made.
15. The value conclusion is subject to formal determination of the existence of any state or federal wetlands or other environmentally sensitive areas including all required buffer zones. I am not an expert in this field and it is considered imperative that the services of a qualified environmental expert be retained in order to make such determinations. Any environmentally sensitive area detected on the property could have an impact on the value estimated herein, and thus, I reserve the right to modify the value conclusion if such areas are found to be present on the property.
16. No change of any item of the appraisal report shall be made by anyone other than myself, and I shall have no responsibility for any such unauthorized change.
17. Information and estimates provided to me and contained in the report were from sources considered reliable and are believed to be true and accurate.
18. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the American with Disabilities Act (*ADA*), which became effective on January 26, 1992. It is possible that a compliance survey of the property along with a detailed analysis of the requirements of the Act could reveal that the property is not in compliance with one or more of the Act's requirements. I consider it imperative that the services of a qualified architect and/or engineer be retained to make such a determination. If any items of non-compliance are detected, they could have an impact on the value estimated herein, and thus, I reserve the right to modify the value conclusion if such items of non-compliance are found to be present on the property.

Hypothetical Conditions/Extraordinary Assumptions

A Hypothetical Condition is defined as, *“that which is contrary to what exists but is supposed for the purpose of analysis”*¹³

An Extraordinary Assumption is defined as, *“an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions.”*¹⁴

The appraised market value is based upon the following Conditions/Assumptions:

1. The subject Based on discussions with NJEDA, the land lease encumbering the subject property is a lease between interrelated parties. Therefore, it is assumed that land ownership reflects the fee simple interest. Based on this assumption, no land lease payments have been included in our income projections. If ground lease payments were to be included, the value reported herein could be subject to downward revision.
2. It has been assumed that the existing tenant, L-3 Communications, will remain at the subject through their lease term which ends in February 2018.
3. The appraiser was provided with limited subject operating expense information, consisting of the current costs of a few expenses. This information was provided by the tenant, L-3. The appraiser was not provided with the subject’s three year historic income and expenses which was requested. My cash flow projections were based on published operating data, an expense comparable, and the information provided by L-3. If income and expense information were to be provided, the value and projections provided herein might be subject to change.
4. The subject’s lease to L-3 Communications indicates a total rentable area of 575,000 SF. For purposes of this appraisal, the square footage (575,000 SF) in the lease is assumed to be accurate. If the actual square footage is materially different, the value reported herein could warrant modest revision.

¹³ *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation, 2012-2013 Edition.

¹⁴ *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation, 2012-2013 Edition.

ADDENDA

ADDENDUM A – Subject Photographs



Secured entrance and parking lot



Front of office building



Office building-lobby



Office building-typical office space



Office building-conference room



Office building-cafeteria



Ops building-street view



Ops building-loading area



Ops building-lobby



Ops building-typical office space



Ops building-conference room



Ops building-laboratory room



Ops building-industrial space



Ops building-industrial space

ADDENDUM B – Lease

EXECUTION COPY

LEASE

BETWEEN

CAMDEN CENTER URBAN RENEWAL LIMITED PARTNERSHIP
LANDLORD

AND

L-3 COMMUNICATIONS CORPORATION
TENANT

DATED AS OF SEPTEMBER 15, 2002

538644-9

Article

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EXHIBIT 41 -	RECAPTURE AREA
EXHIBIT 43 -	MEMORANDUM OF LEASE

Execution Copy

AMENDED AND RESTATED LEASE

THIS AMENDED AND RESTATED LEASE (this "Lease") is made as of the 15th day of September, 2002 (the "Execution Date"), to be effective as of the date Landlord meets its financing contingency set forth in Section 42 hereof (the "Commencement Date"), between **CAMDEN CENTER URBAN RENEWAL LIMITED PARTNERSHIP**, a New Jersey limited partnership (hereinafter referred to as "Landlord"), and **L-3 COMMUNICATIONS CORPORATION**, a Delaware corporation, (hereinafter referred to as "Tenant")

BACKGROUND

- A. Landlord and General Electric Company ("G E") entered into a Manufacturing Facility Lease dated as of September 26, 1991 as amended by Amendment No. 1 to Manufacturing Facility Lease undated in 1992, and by Amendment No. 2 to General Electric Leases dated July 1, 1992 (together, the "Manufacturing Facility Lease") pursuant to which Landlord agreed to construct and lease to G E and G E. agreed to hire and take from Landlord an approximately 225 000 useable square foot manufacturing building on an approximately 8.45 acre parcel located at Third and Federal Streets in Camden, New Jersey, as therein more particularly described
- B. Landlord and G E also entered into an Administration/Engineering Facility Lease dated as of September 26, 1991 as amended by Amendment No. 2 to General Electric Leases dated July 1, 1992 (together, the "Administration-Engineering Facility Lease") pursuant to which Landlord agreed to construct and lease to G E and G E. agreed to hire and take from Landlord an approximately 350,000 gross square foot building on an approximately 12.63 acre parcel located at Third and Federal Streets in Camden, New Jersey, as therein more particularly described (Hereafter, the Manufacturing Facility Lease and the Administration-Engineering Facility Lease are collectively referred to as the "Original Leases").
- C. G.E assigned its interest in the Original Leases to Martin Marietta Corporation on August 2, 1993, which reassigned its interest in the Original Leases to Chesapeake Park, Inc., a wholly owned subsidiary of Martin Marietta Corporation. Lockheed Martin Corporation, a Maryland corporation, succeeded to the rights of Chesapeake Park, Inc. under the Original Leases.
- D. On April 30, 1997, Lockheed Martin Corporation assigned its rights as tenant under the Original Leases to L-3 Communications Corporation, a Delaware corporation
- E. The Original Leases provide for renewal term options exercisable by the tenant

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Landlord and Tenant now desire to amend the Original Leases to extend the Term of the Leases as herein provided, in substitution for the renewal term option provisions in the Original Leases, to provide other changes to the Original Leases as set forth below and to amend and restate the Original Leases in this Lease

For good and valuable consideration, Landlord and Tenant agree as follows:

1. Demised Premises, Term of Lease

1.1 Landlord does hereby lease and demise to Tenant, and Tenant does hereby hire and take from Landlord, upon the terms and conditions hereinafter set forth, (i) all that certain piece or parcel of land containing approximately eight and 45/100 (8.45) acres located at the northwest corner of Third and Federal Streets in the City and County of Camden, State of New Jersey, which is more particularly described in Exhibit A, Schedule A-1 attached hereto and made a part hereof (the "Manufacturing Land"), together with the approximately 225,000 usable square foot manufacturing building (the "Manufacturing Building") and the utilities, sidewalks, paved parking, landscaping and other improvements (collectively the "Manufacturing Improvements") constructed thereon, together with all appurtenances, rights, privileges and easements in anywise pertaining thereto and which are reasonably necessary for Tenant's use and enjoyment of the Manufacturing Building as herein intended (the "Manufacturing Rights") and (ii) all that certain piece or parcel of land containing approximately twelve and 63/100 (12.63) acres located at the northwest corner of Third and Federal Streets in the City and County of Camden, State of New Jersey, which is more particularly described in Exhibit A, Schedule A-2 attached hereto and made a part hereof (the "Administration Land", which together with the Manufacturing Land are known as the "Land", as more fully described in Exhibit A hereto), together with the approximately 350,000 gross square foot engineering and administration building (the "Administration Building", which together with the Manufacturing Building are known as the "Buildings") and the utilities, sidewalks, paved parking, landscaping and other improvements thereon (collectively the "Administration Improvements", which together with the Manufacturing Improvements are known as the "Improvements"); together with all appurtenances, rights, privileges and easements in anywise pertaining thereto and which are reasonably necessary for Tenant's use and enjoyment of the Administration Building as herein intended (the "Administration Rights", which together with the Manufacturing Rights are known as the "Rights"). All of the aforementioned Land, Buildings, Improvements and Rights are hereinafter collectively called the "Demised Premises".

1.2 Landlord's Title; Use.

Landlord covenants that it is the lessee of the Land pursuant to a certain ground lease dated as of July 1, 1992 (the "Ground Lease") between Landlord, as lessee, and the New Jersey Economic Development Authority, as lessor (the "Land Owner"), and that as of the Execution Date, it has a good and marketable leasehold title to the Demised Premises, free and clear of all leases, tenancies, agreements, encumbrances, liens or defects in title except as may be expressly set forth in Exhibit B hereto attached (the "Permitted Encumbrances"). Tenant shall, subject to the terms of this Lease, have and hold the Demised Premises for a term of approximately 15 years (hereinafter sometimes referred to as the "Basic Term") which shall

begin as of the Commencement Date and shall end at midnight on March 15, 2018 (sometimes hereinafter referred to as the "Expiration Date"), as such Term may be extended pursuant to Article 38 (the "Extended Term"). The Basic Term, together with each Extended Term duly exercised by Tenant pursuant to the provisions of Paragraph 38 hereof, are hereinafter collectively referred to as the "Term". Upon the Commencement Date, the Original Leases shall terminate

1 3 Without the prior written consent of Landlord, the Demised Premises shall be used only for engineering, design, development, manufacturing, testing, assembly, office and related purposes, and Landlord represents and warrants to Tenant that use of the Demised Premises for such purposes does not violate any restrictions currently imposed upon the Demised Premises, and is not in violation of the Certificates of Occupancy issued for the Buildings nor contrary to any currently existing zoning ordinance or regulation affecting the Demised Premises. Landlord further represents and warrants to Tenant that Landlord has full right and authority to lease the Demised Premises and to otherwise enter into this Lease on the terms and conditions set forth herein

1 4 This Lease is granted and accepted upon the foregoing and upon the following covenants and conditions, and subject to the following restrictions, to all and every one of which the parties consent; and each of the parties expressly covenants and agrees to keep, perform and observe all of the terms, covenants and conditions herein contained on its part to be kept, performed and observed.

1 5 Tenant covenants and agrees that it accepts the Demised Premises in its existing "as is" state or condition as of the date hereof and, except as otherwise expressly provided in this Lease, without any representation or warranty, express or implied, in fact or by law, by Landlord or its agents, as to the nature, condition, or usability thereof or any other matter whatsoever, the title thereto, or the use or occupancy which may be made thereof. Tenant and its predecessor have occupied the Demised Premises since 1992 and is thoroughly acquainted with its condition by virtue of its occupancy, and acknowledges that the continued possession of the Demised Premises by Tenant is conclusive evidence that the Demised Premises were, and presently are, in good, satisfactory and acceptable condition.

1 6 Landlord agrees to reimburse Tenant for any general building and parking lot repairs in an aggregate amount of up to \$100,000 (exclusive of the costs of providing the Additional Parking set forth in Article 9). Landlord will reimburse Tenant for any such expense within thirty (30) days of Landlord's receipt of paid invoices for such repairs from Tenant

2. Certain Definitions.

2 1 As used herein, the following terms and phrases shall have the meanings indicated, unless the context otherwise requires:

"Additional Insureds" is defined in Section 4 3.

"Additional Rent" is defined in Section 3.3 and shall include all financial obligations of Tenant to Landlord under this Lease, other than Base Rent

"Affiliate" means any corporation or entity which controls, is controlled by, or is under common control with, a party (with "control" meaning the power, directly or indirectly, to control the management, decision-making and policies of an entity)

"Alterations" is defined in Section 7.1.

"Bankruptcy" shall be deemed, for a party, to have occurred:

(a) If and when such party (i) applies for or consents to the appointment of a receiver, trustee or liquidator of such party or of all or a substantial part of its assets, (ii) files a voluntary petition in bankruptcy or admits in writing its inability to pay its debts as they come due, (iii) makes an assignment for the benefit of its creditors, (iv) files a petition or an answer seeking a reorganization or an arrangement with its creditors or seeks to take advantage of any insolvency law, (v) performs any other act of bankruptcy, or (vi) files an answer admitting the material allegations of a petition filed against such party in any bankruptcy, reorganization or insolvency proceeding; or

(b) If (i) an order, judgment or decree is entered by any court of competent jurisdiction adjudicating such party a bankrupt or an insolvent, approving a petition seeking such a reorganization, or appointing a receiver, trustee or liquidator of such party or of all or a substantial part of its assets, or (ii) there otherwise commences with respect to such party or any substantial part of its assets any proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment, receivership or similar law, and if such order, judgment, decree or proceeding continues unstayed for any period of sixty (60) consecutive days after the expiration of any stay thereof.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. §§101. et seq.) as amended from time to time, and any successor statute thereto

"Base Rent" is defined in Section 3.1.

"Bonds" shall mean the approximately \$43,000,000 aggregate principal amount of Variable Rate Federally Taxable Lease Revenue Refunding Bonds (Camden Center Urban Renewal Limited Partnership Project) Series 2002.

"Buildings" is defined in Section 1.1

"Business Days" means each Monday, Tuesday, Wednesday, Thursday and Friday, except for such days on which commercial banks doing business in the State of New Jersey are required to be closed for the transaction of business

"CGL" is defined in paragraph 4.1.1.

"Capital Improvements" means any capital improvement, capital replacement or capital repair as determined in accordance with generally accepted accounting principles consistently applied.

"Commencement Date" is defined in the first paragraph of this Lease

"Compliance with ISRA" means the receipt of a letter or letters from the NJDEP approving a De minimis Quantity Exemption ("DQE"), or a Negative Declaration or a Remediation-In-Progress Waiver (as such terms are defined under ISRA), or a no further action letter and covenant not sue (as such term is defined under ISRA), or other written determination by the NJDEP that the requirements of ISRA have been satisfied

"Default" means any condition or event that constitutes or would, after notice or lapse of time, or both, constitute an Event of Default.

"Default Rate" means the annual rate equal to the lesser of (x) five percent (5%) above the prime rate as announced by Fleet National Bank, from time to time, or if the use of the prime rate is discontinued by Fleet National Bank, such other rate as may thereafter be announced from time to time by Fleet National Bank, or any major bank in New York selected by Landlord as a measure of the cost to its borrowers of short-term commercial loans, or (y) the maximum amount permitted by law

"Demised Premises" is defined in Section 1 I

"EDA Agreement" means the Agreement to be entered into between Tenant and the New Jersey Economic Development Authority regarding the payment of certain of Landlord's obligations hereunder.

"Environmental Law" or "Environmental Laws" shall mean all federal, regional, state, county or local laws, statutes, ordinances, decisional law, rules, regulations, codes, orders, decrees, directives and judgments relating to public health or safety, pollution, damage to or protection of the environment or the use, manufacture, processing, distribution, treatment, storage, generation, disposal, transport or handling of Hazardous Materials, including but not limited to, the Federal Water Pollution Control Act, 33 U.S.C. §§1231-1387, the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901-6991; the Clean Air Act, 42 U.S.C. §§7401-7642, the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §§ 9601-9675; the Toxic Substances Control Act, 15 U.S.C. §§ 2601-2629; ISRA; the New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10-23 et. seq. (the "Spill Act"); the New Jersey Water Pollution Control Act, N.J.S.A. 58:10A-1 et seq., the New Jersey Air Pollution Control Act, N.J.S.A. 26:2C-1 et. seq.; and the New Jersey Environmental Rights Act, N.J.S.A. 2A:35-1 et. seq.; and any and all rules and regulations promulgated thereunder.

"Event of Default" is defined in Section 16 I

"Execution Date" is defined in the first paragraph of this Lease.

"Expiration Date" is defined in Section 1 2.

"Fiscal Year" means the twelve (12) consecutive calendar month period commencing January 1 and ending December 31 of each calendar year within the Term

"Guarantors" means the New Jersey Economic Development Authority and the Delaware River Port Authority under their Guarantees to the Mortgagee

"Hazardous Materials" means any substances, materials or wastes, whether liquid, gaseous or solid, or any pollutant or contaminant, that is infectious, toxic, hazardous, explosive, corrosive, flammable or radioactive, or that is regulated under, defined, listed or included in any Environmental Laws, including without limitation, petroleum, polychlorinated biphenyls, asbestos and asbestos containing materials and area formaldehyde

"HVAC" means heat, ventilation and air conditioning

"Indemnified Party" is defined in Section 24

"Indemnities" is defined in Section 6 5

"ISRA" means the Industrial Site Recovery Act, N.J.S.A. 13 1K-6 et seq., and the regulations promulgated thereunder, N.J.A.C. 7 26B 1.1 et seq

"Landlord" is defined in the first paragraph of this Lease.

"Landlord Indemnities" is defined in Section 14 1

"Landlord's Mortgage" means each ground or master lessor, mortgagee, beneficiary of any deed of trust and/or holder of any lien or security interest in the Demised Premises or any portion thereof

"Land Owner" means the New Jersey Economic Development Authority, its successors and assigns and any future owner of the fee title to the Land.

"Legal Requirements" shall mean the requirements of every present and future statute, law, ordinance, regulation, rule, requirement, order or directive, including but not limited to the Americans with Disabilities Act of 1990, made by any federal, regional, state, city, county or local government or any department, political subdivision, bureau, agency, office or officer thereof, or of any other governmental authority, including, but not limited to, the Board of Fire Underwriters having jurisdiction with respect to and applicable during the Term to the condition, maintenance, use or occupation of the Demised Premises. As used herein with reference to any Legal Requirements, the term "comply" (and any derivative term, such as "complies", "complied", "compliance", etc.) shall refer, as of such time, only to compliance to the extent that compliance with such Legal Requirements is, by the terms thereof (or any other applicable Legal Requirements), then legally required, after giving effect to any "grandfathering" or schedule for compliance established or permitted thereunder

"Mortgagee" shall mean Fleet National Bank or any successor financial institution extending credit to the Landlord or the Land Owner.

"NJDEP" shall mean the New Jersey Department of Environmental Protection, its divisions, bureaus and subdivisions

"Notice" is defined in Section 26

"Overdue Interest Rate" is defined in Section 3.2.

"Person" shall mean any individuals, corporations, partnerships, firms, associations and any other legal or business entities

"Prime Rate" shall mean the prime rate announced from time to time by Fleet National Bank or such other major commercial bank in the United States designated by Landlord (but subject to any maximum interest permitted by Legal Requirements)

"Release" means any intentional or unintentional release, discharge, burial, spill, leaking, pumping, pouring, emitting, emptying, injection, disposal or dumping into the environment

"Renewal Term" is defined in Article 38.

"Rent" means the Base Rent plus the Additional Rent

"Replacement Rent" is defined in Section 3.3

"SIC" shall have the meaning given to such term under ISRA.

"Taxes" shall mean and include all general and special real property taxes, payments in lieu of taxes under any agreement with the City of Camden or any other taxing authority, assessments, water and sewer rents, rates and charges and other governmental charges and impositions, of whatever kind, nature or origin, assessed, levied, confirmed, imposed upon or which become due and payable out of or in respect of, or charged with respect to or become a lien on, the Demised Premises or any other appurtenances of the Demised Premises, or equipment or other facility used in the operation thereof, or the rent or income therefrom, or any use or occupancy thereof, including, without limitation, charges, fees or assessments for transit (including without limitation, area-wide traffic improvement assessments and transportation system management fees), housing, police, fire or other governmental service or purported benefits to the Demised Premises; personal property taxes assessed on the personal property of Landlord used in the operation of the Demised Premises; service payments in lieu of taxes and taxes and assessments of every kind and nature whatsoever levied or assessed in addition to, in lieu of or in substitution for existing or additional real or personal property taxes on the Demised Premises; taxes and assessments on the gross or net rental receipts of Landlord derived from the Demised Premises, if any; any fine, penalty, interest or cost which may be added to any Taxes for the non-payment thereof by Tenant, and the reasonable cost of contesting by appropriate

proceedings the amount or validity of any taxes, assessments or charges described above. Taxes shall also include charges for any easement or agreement maintained for the benefit of the Demised Premises. Taxes shall not include any franchise, excise, corporate, estate, inheritance, succession, capital levy, or transfer tax of the Landlord, or any income, profit or revenue tax upon the income of Landlord (provided, however, if at any time during the Term the method of taxation prevailing as of the Commencement Date shall be altered so that any of the foregoing shall be imposed in addition to or in lieu of any Taxes, the same shall be included as "Taxes" hereunder).

"Tenant" is defined in the first paragraph of this Lease.

"Tenant's Taxes" is defined in Section 3.4.

"Tenant's Visitors" means the employees, agents, contractors, subtenants, licensees and invitees of Tenant

"Term" is defined in Section 1.2

"Unavoidable Delays" means delays due to strikes, lockouts or labor disputes involving third parties, acts of God, acts of terror, inability to obtain labor or materials, inability to obtain applicable permits, governmental restrictions, regulations or controls, enemy or hostile governmental action, civil commotion, riot or insurrection, fire, unavoidable casualty or similar or dissimilar cause beyond the reasonable control of Tenant or Landlord, as the case may be

The terms "include," "including" and "such as" shall be construed as if followed by the phrase "without being limited to". The words "herein", "hereof" and "hereunder" and words of similar import refer to this Lease as a whole and not to any particular Article, Section, paragraph or subsection thereof

3. Rent.

3.1 The Tenant covenants and agrees to pay to the Landlord as Base Rent for and during the Term hereof Base Rent on the first (1st) Business Day of each month for each of the periods of the Term of this Lease as follows

<u>Time Period</u>	<u>Annual Amount</u>	<u>Monthly Amount</u>
See Schedule A		

Each such installment shall be due and payable on or before the first (1st) day of each calendar month in the Term (provided the first payment shall be due and payable on the Commencement Date), in advance, by Federal funds wire transfer made to an account designated in writing by Landlord from time to time, without any prior demand therefor. Tenant acknowledges and

agrees that this is a net lease and that Base Rent is intended to be absolutely net to Landlord after payment by Tenant of all Additional Rent (as defined below), if any, required to be paid by Tenant pursuant to this Lease, excluding only those costs which Landlord has expressly agreed in this Lease to pay. In the event the Commencement Date is not on the first (1st) day of the month, the amount of Base Rent payable for the partial month shall be prorated over a month of thirty (30) days.

3.2 Any sums payable by Tenant hereunder which are not paid on the due date shall bear interest from the due date to the date paid at an interest rate equal to the highest overdue interest rate imposed on Landlord for late payment of principal or interest under any agreement of Landlord for borrowed money against the Demised Premises (unless such rate be usurious as applied to Tenant, in which case the highest permitted legal rate shall apply) (the "Overdue Interest Rate").

3.3 In addition to Base Rent, Tenant shall pay to Landlord, or to the party entitled thereto, all costs and expenses of owning, operating and maintaining the Demised Premises, except for consulting and professional fees, depreciation and ground rent, interest, amortization, debt service payments or any other fees, costs and expenses relating to letters of credit, bonds or other financing, debt instruments or similar obligations issued or entered into by Landlord to finance the Demised Premises, and except to the extent that Landlord is expressly required to be responsible for such costs and expenses pursuant to the terms of this Lease. All such costs and expenses (except for consulting and professional fees, depreciation and ground rent, interest, amortization, debt service payments or any other fees, costs and expenses relating to letters of credit, bonds or other financing, debt instruments or similar obligations issued or entered into by Landlord to finance the Demised Premises, and except to the extent that Landlord is expressly required to be responsible for such costs and expenses pursuant to the terms of this Lease) payable by Tenant hereunder shall, in the event of non-payment thereof, be deemed to be additional rent ("Additional Rent") payable hereunder, and Landlord shall have all rights and remedies for the payment thereof as it does for the payment of Base Rent. In addition to the foregoing, upon a "Substitution of Tenant" (a "Substitution of Tenant Event") as defined in the Reimbursement Agreement dated as of December 1, 2002 (the "Reimbursement Agreement"), by and among Landlord, Land Owner and Mortgagee, which results in Land Owner having to renegotiate the terms of or replace the letters of credit issued by Mortgagee pursuant to the Reimbursement Agreement (collectively a "Replacement"), commencing the date the Replacement Letters of Credit are issued, Tenant shall be required to pay as Additional Rent hereunder an amount equal to (the following is collectively the "Replacement Rent"): (i) the increase (if any) in the annual letter of credit fees, (ii) if the Replacement Letters of Credit have a lesser rating than the then current rating on the Letters of Credit issued by Mortgagee, the increase (if any) in the variable interest rate on the Bonds resulting from the Replacement, and (iii) all costs of obtaining the Replacement Letters of Credit (including, without limitation, letter of credit bank commitment or origination fees, legal and rating fees), such costs to be amortized over the term of the Replacement Letters of Credit, provided that the amounts payable as Additional Rent pursuant to clauses (i), (ii) and (iii) above in this Section 3.3 shall not, in the aggregate, exceed \$ 50 per square foot per annum for the remainder of the Term. In the event that as a result of a Substitution of Tenant Event, Replacement Letters of Credit are not issued, and Mortgagee commences proceedings to foreclose the Mortgage on the Demised Premises,

Tenant shall be required to pay as Additional Rent hereunder an amount equal to \$ 50 per square foot per annum for the remainder of the Term commencing on the date the foreclosure proceedings are filed. A Change In Control Event shall not itself be deemed to be an Event of Default hereunder, so long as Tenant pays the amounts of Additional Rent set forth in the two preceding sentences and continues to comply with all the other provisions of this Lease.

3.4 "Tenant's Taxes" shall mean all taxes, assessments, license fees and other governmental charges or impositions levied or assessed against or with respect to Tenant's personal property, furnishings, equipment, movable partitions, business machines and other trade fixtures installed, located or attached to the Demised Premises. Tenant shall pay all Tenant's Taxes before delinquency and, at Landlord's request, shall furnish Landlord satisfactory evidence thereof. If any lien shall at any time be filed against the Demised Premises or any part thereof with respect to Tenant's Taxes not paid by Tenant when due, or any judgment, attachment or levy is filed or recorded against the Demised Premises or any part thereof with respect thereto, Tenant, within three (3) Business Days after the attachment thereof, shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Tenant shall fail to cause such lien, judgment, attachment or levy to be discharged within the period aforesaid, then, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same by bonding proceedings, if permitted by law (and if not so permitted, by deposit in court). Any amount so paid by Landlord, including all cost and expenses paid by Landlord in connection therewith, together with interest thereon at the Default Rate from the respective dates of Landlord's so paying any such amount, cost or expenses, shall constitute Additional Rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord on demand.

3.5 Notwithstanding any provision in this Lease to the contrary, Rent and all other sums payable by Tenant under this Lease shall be paid in all events and without notice or demand, and without counterclaim, set-off, deduction, defense, abatement, suspension, deferment, or diminution of any kind and Tenant shall not have the right to terminate this Lease for any cause (except as provided in Article 11 and Article 12), it being understood that Mortgagee and other lenders to Landlord and Land Owner have relied upon Tenant's promise to pay Rent hereunder for the full Term without right of set-off, deduction, defense, abatement, suspension, deferment, or diminution of any kind.

3.6 All installments of Base Rent and Additional Rent payable hereunder shall be paid in full as they become due. During any period Fleet National Bank is the Mortgagee, if Tenant shall fail to pay any Rent within ten (10) Business Days after the date when the same is due and payable, Tenant shall pay, to the extent the same is imposed upon Landlord, a late fee to Landlord equal to five percent (5%) of the overdue payment (or, if such late fee shall exceed the maximum late fee permitted by law, Tenant shall pay the maximum late fee permitted by law). The provisions of this Section 3.6 shall survive the expiration or earlier termination of this Lease. Thereafter, if any installment of Base Rent, Additional Rent or other sums payable by Tenant to Landlord under this Lease shall not be paid when due, and, as a result thereof, Landlord incurs a late charge under any agreement of Landlord for borrowed money against the Demised Premises, Tenant shall pay to Landlord a late charge equal in amount to all such late charges imposed on Landlord.

3.7 Subject as hereinafter provided, Tenant shall pay during the Term hereof, to the public officers charged with the collection thereof, before the same are due and payable and before any fine, penalty, interest or cost may be added thereto for the non-payment thereof, the following (collectively called "impositions"):

(a) all real estate taxes, assessments, payments in lieu of taxes, water and sewer rents and charges, license and permit fees, charges for public utilities, and other governmental charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever in said categories that are assessed, levied, confirmed, imposed or become a lien upon the Demised Premises or the sidewalks or streets in front of or adjoining the Demised Premises, or directly upon this Lease or the rents payable hereunder or amounts payable by any subtenants or other occupants of the Demised Premises, provided, however, that if, by law, any such imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such imposition), Tenant shall pay only such installments as may become due during the term of this Lease as the same respectively become due and before any fine, penalty, interest or cost may be added thereto for the non-payment of any such installment and interest, and provided, further, that any imposition relating to a fiscal period of the taxing authority, a part of which is included within the Term of this Lease and a part of which is included in a period of time after the expiration of the Term of this Lease, shall (whether or not such imposition shall be assessed, levied, confirmed, imposed or become a lien upon the Demised Premises or shall become payable during the Term of this Lease) be adjusted between Landlord and Tenant as of the expiration of the Term of this Lease as may be necessary so that Tenant shall in no event pay any portion of such imposition that that part of such fiscal period included in the period of time after the expiration of the Term of this Lease bears to such fiscal period. Tenant shall continue to be responsible for any such impositions or Additional Rent incurred prior to the Commencement Date as the tenant under the Original Leases

(b) Notwithstanding the provisions of subparagraph (a) hereof or anything else to the contrary in this Lease contained, Tenant shall in no event be required to pay any franchise, corporate, estate, inheritance, succession, capital levy, transfer, income, excise profits or revenue tax of Landlord or of the Land Owner.

(c) Notwithstanding any of the foregoing, it is expressly agreed that Tenant shall not be required to pay or discharge any such aforementioned imposition so long as it shall in good faith contest the same, or the validity thereof, by appropriate legal proceedings which shall operate to prevent the collection of the imposition and the sale of the Demised Premises or any part thereof to satisfy the same, and so long as such contest complies with the provisions of Paragraph 3.8 hereof. Any proceeding or proceedings for contesting the validity or amount or to recover back any imposition, may be brought by either party, or both, as may be necessary or appropriate, and each of the parties thereto agrees that it shall cooperate with the other in any such proceeding to such extent as such other party may reasonably request, it being understood, however, that if any such proceeding be brought by Tenant, Tenant shall indemnify and save harmless Landlord against any and all loss, cost or expense of any kind that may be imposed upon Landlord in connection therewith. Tenant shall be entitled to any refund of any such

imposition or other charges and penalties or interest thereon which have been paid by Tenant, or by Landlord and for which Landlord has been reimbursed by Tenant. The term "proceedings" as used herein shall include appeals to any superior or appellate court or body having or claiming jurisdiction of the Demised Premises.

(d) (Intentionally Omitted)

(e) Landlord represents and warrants that the real estate taxes on the Demised Premises are fixed pursuant to the provisions of the existing Fox-Lance Tax Abatement Agreement. Landlord will use its best efforts to obtain an extension of the Fox-Lance Abatement Agreement.

(f) Tenant shall furnish Landlord, no later than ten (10) days prior to the last day upon which they may be paid without any fine, penalty, interest or cost, reasonably satisfactory evidence of the payment of real estate taxes on the Demised Premises.

(g) If at any time during the Lease Term an Event of Default shall occur hereunder, an institutional lender who holds a first mortgage on the Demised Premises shall demand, pursuant to a right to do so in the mortgage documents, that real estate tax payments be escrowed with said mortgagee. Tenant agrees to make payment of real estate taxes to said mortgagee in such reasonable amounts and at such times as the mortgagee shall demand, provided that reasonable interest shall accrue thereon to the benefit of, and shall be paid to, Tenant. Landlord covenants that it shall make every reasonable effort to deny any such mortgagee such escrow rights so as to permit Tenant to at all times pay real estate taxes on the Demised Premises directly to the taxing authorities as and when due.

3.8 Tenant may contest by appropriate proceedings, the amount, validity or application of any imposition or any mechanics' lien provided that (a) such proceedings shall suspend the collection thereof, (b) no part of the Demised Premises or any of the Base Rent would be subject to loss, sale or forfeiture during such proceedings, (c) Landlord or Land Owner would not be subject to any criminal liability for the failure to pay, (d) Tenant shall have furnished such security as may be required in the proceedings or reasonably requested by Landlord (including, without limitation, a bond in such amount as may be necessary to remove a mechanics' or tax lien from record), (e) such proceeding shall not affect the payment of Base Rent hereunder or prevent Tenant from using the Demised Premises for its intended use, and (f) Tenant shall notify Landlord of any such proceedings within ten (10) days after the commencement thereof and shall describe such proceedings in reasonable detail. Tenant will conduct all such contests in good faith and with due diligence and will, promptly after the determination of such contests, pay and discharge all amounts which shall be determined to be payable therein, including any interest and penalties payable thereon.

4. Insurance.

4.1 Tenant shall, at Tenant's sole cost and expense, except to the extent prohibited by law with respect to worker's compensation insurance, for the benefit of Tenant, Landlord, and

any Additional Insureds and/or any other additional insured as Landlord shall from time to time reasonably determine, maintain or cause to be maintained

4.1.1 Commercial general liability insurance coverage with a limit of not less than Twenty Million and 00/100 Dollars (\$20,000,000 00) per each occurrence and in the aggregate (the "CGL"), to include commercial umbrella liability coverage, if necessary. The CGL shall be written on ISO occurrence form CG00011093 or a substitute providing equivalent coverage and shall cover liability arising from the Demised Premises which Tenant has the right to use, operations, independent contractors, products-completed operations, personal injury, advertising liability and liability under an insured contract. The commercial umbrella liability coverage shall be consistent with the primary coverage.

4.1.2 Worker's compensation insurance covering all persons employed in connection with the performance of any Alterations by Tenant and the operation of its business upon the Demised Premises for an amount up to the statutory limit.

4.1.3 Standard "all-risk" property and casualty insurance, including theft, covering the Buildings and all equipment, trade and other fixtures located on or in the Buildings, in an amount not less than the full replacement value thereof, exclusive of architectural and engineering fees, excavation, footings and foundation. The full replacement value of the Buildings shall be determined from time to time at Tenant's expense whenever requested by Landlord, but not more frequently than once every three (3) years, by an appraiser selected by Tenant and approved by Landlord. In addition to Tenant, such policy of insurance shall expressly name Landlord, and Mortgagee, or any Mortgagee designated by Landlord, as named or additional named insureds under standard landlord/mortgagee clauses, and the loss proceeds thereof shall be made expressly payable to the Mortgagee, Landlord and Tenant as their respective interests may appear, provided that the loss proceeds on the Land and Buildings shall be transferred directly to the Mortgagee to be held pending their use. Such insurance on Tenant's personal property shall be subject to its standard corporate practices of deductibles and self insurance and the proceeds from any insurance claims thereunder shall be payable to Tenant only, provided Tenant maintains separate coverage on its personal property.

4.1.4 Rent or rental value insurance against loss of rent or rental value due to fire or other casualty, for the benefit of Landlord and Mortgagee in an amount equal to Base Rent and estimated additional rent for such period of time following an occurrence covered thereby as is necessary to rebuild and restore the applicable Building.

4.1.5 If, in the reasonable opinion of Landlord or any Landlord's Mortgagee taking into account the practices of landlords of similar buildings in the area of the Demised Premises, the foregoing coverages and/or limits shall become inadequate or less than that commonly maintained by prudent tenants making similar uses in similar buildings in the area, Landlord shall have the right to require Tenant to increase or add to the types of its insurance coverage and/or limits.

4.2 The insurance maintained under this Lease shall be written by companies of recognized financial standing which are legally qualified to issue such insurance in the State of

New Jersey and which are rated at least A and a "Class Size Rating" of X or better by A M Best Company, Oldwick, New Jersey, or its successor in maintaining such ratings if A M. Best is no longer in existence as a rating agency. Such insurance may be obtained by endorsement on blanket insurance policies, provided that such blanket policies satisfy the requirements specified above in this Section.

4.3 Every such insurance policy (other than worker's compensation) maintained by Tenant pursuant to Section 4.1 shall name the Land Owner, any Landlord's Mortgagee, managing agent and their successors and assignees ("Additional Insureds") and Landlord as additional insureds.

4.4 On or prior to the Commencement Date, Tenant shall deliver to Landlord and Mortgagee a certificate of insurance for each policy required under this Lease, which certificate shall be in a form reasonably satisfactory to Landlord and Mortgagee and shall, at a minimum: (i) specify the additional insured status of Landlord and Mortgagee, (ii) evidence of the waiver of subrogation required pursuant to Section 4.5, and (iii) provide that said policy shall not be reduced in amount (or otherwise materially changed) or canceled or lapse or not be renewed, without providing to Landlord and Mortgagee at the addresses specified in Article 26 of this Lease at least thirty (30) days' written notice of such reduction (or other material change), cancellation, lapse or non-renewal. Tenant agrees to provide to Landlord and Mortgagee renewal certificates (or other evidence of renewed coverage reasonably satisfactory to Landlord and Mortgagee) at least thirty (30) days prior to the expiration of any policy maintained by Tenant pursuant to the terms hereof. Notwithstanding anything in this Article 4 to the contrary, all policies required to be effected by Tenant under this Lease shall be maintained in force from and after the date hereof and throughout the Term.

4.5 Tenant waives all rights of recovery against Landlord and the Additional Insureds for any loss, damages, or injury of any nature whatsoever to the Demised Premises covered by such insurance. In addition, Tenant shall maintain in effect in each insurance policy required under this Lease that relates to property damage a waiver of subrogation in favor of the Landlord and the Additional Insureds from its then-current insurance carriers and shall upon written request furnish evidence of such currently effective waiver which shall be in customary form.

4.6 Each insurance policy required to be maintained under this Lease shall state that, with respect to the interest of Landlord and of the Additional Insureds, the insurance maintained pursuant to each such policy shall contain a standard provision that such insurance shall not be invalidated by any action or inaction of Tenant and shall insure Landlord and the Additional Insureds regardless of any breach or violation of any warranties, declarations, conditions, or exclusions by Tenant.

4.7 Each insurance policy required to be maintained under this Lease shall state that all provisions of each such insurance policy, except for the limits of liability, shall operate in the same manner as if a separate policy had been issued to each person or entity insured thereunder.

4.8 Each insurance policy required to be maintained under this Lease shall state that the insurance provided thereunder is primary insurance without any right of contribution from

any other insurance which may be carried by or for the benefit of Landlord or the Additional Insureds.

4.9 Each insurance policy required to be maintained by Tenant under this Lease shall contain contractual indemnification coverage for the indemnification set forth in Section 14.1

4.10 In addition to the foregoing, Landlord shall furnish an Environmental Liability Insurance policy with a limit of not less than Ten Million Dollars (\$10,000,000) covering the Demised Premises. Landlord shall be responsible for the payment of the premium, provided that Tenant shall reimburse Landlord for the premium for the second Five Million Dollars (\$5,000,000) of coverage under the policy. Such policy shall be written by companies meeting the requirements of Section 4.2 above and shall name the Landowner, Tenant and Mortgagee as additional insureds. On or prior to the commencement date, Landlord shall deliver to Tenant and Mortgagee a certificate of insurance evidencing the effective date of such policy and the list of additional insureds.

5. Repairs and Maintenance.

5.1 By Tenant. Except as otherwise expressly provided in this Lease, during the Term, Tenant shall take good care of the Demised Premises and, except as otherwise expressly provided in this Lease, Tenant shall, at the Tenant's own cost and expense, make all repairs, including painting and decorating, and shall maintain the Demised Premises in good condition and state of repair, and at the end or other expiration of the Term hereof, shall deliver up to Landlord the Demised Premises in good order and condition, wear and tear from a reasonable use thereof, Landlord repair obligations and damage by the elements not resulting from the neglect or fault of the Tenant, excepted. The Tenant shall neither encumber nor obstruct the sidewalks, driveways, yards, entrances, hallways and stairs. Tenant shall also, at Tenant's sole cost and expense, provide all general housekeeping, keep the Demised Premises free of accumulation of dirt, rubbish and the like and provide all lawn and landscaping care and snow and ice removal.

5.2 By Landlord. Landlord shall, at its own cost and expense without reimbursement by Tenant, repair and maintain (and replace as appropriate) the roof and structural portions of the Buildings, including the floor slab, foundation, exterior walls, columns and girders in a good, safe, watertight and operable condition, and shall promptly comply with all laws, rules and regulations relating thereto. In the event Landlord fails to make any such repair, Tenant shall have the right to make such repair after giving ten (10) days (or such lesser period of time as is appropriate in an emergency) written notice to Landlord of Tenant's intention to effect such repair, and shall have the right, without abatement or set-off against Rent, to seek reimbursement from Landlord for the expense thereof. Notwithstanding the provisions of this paragraph 5.2, if, during the Term of this Lease, Tenant makes any alteration or improvement to the Buildings, or installs any equipment or fixture on or in the Buildings, which, in either case, causes a penetration to be made in or through the roof, such penetration shall be performed by a contractor reasonably acceptable to the entity bonding the roof (provided at least three (3) acceptable contractors are presented to Tenant) so that such penetration would be performed in such a fashion that the roof bond would not be avoided. If the roof bond has expired or is no

longer in effect, such construction must be performed by contractors and in a manner reasonably acceptable to Landlord in order that the watertight condition of the roof shall be maintained. If Tenant fails to have such work performed in accordance with the provisions of this paragraph 5.2, Tenant shall thereafter be responsible to maintain, repair and/or replace, as necessary, that portion of the roof through which such penetration was made, it being understood that penetrations in or through the roof can cause leaks to become evident in locations remote from the actual penetration.

6. Compliance with Laws: Environmental Provisions.

6.1 Tenant shall comply with all Legal Requirements applicable to Tenant's particular use and occupancy of the Demised Premises to the extent that compliance is required in, to or upon the Demised Premises as a result of Tenant's particular use or occupancy thereof. Landlord shall make all roof and structural alterations necessary in order to comply with all Legal Requirements, unless such compliance is based upon the particular manner in which Tenant conducts its activities in the Demised Premises, as opposed to such compliance being required for all similar manufacturing, office, engineering or similar uses.

6.2 Compliance with Environmental Laws. (a) Prior to the execution of the Original Leases, various environmental assessments of the Demised Premises were conducted and reports thereon, listed in EXHIBIT "L" attached thereto, were prepared (the "Environmental Reports"). Copies of the Environmental Reports have been reviewed by Landlord and Tenant. In addition, Tenant had the right to conduct its own environmental assessment of the Demised Premises.

(b) The Demised Premises were previously owned by Campbell Soup Company ("CSC") which conveyed the Demised Premises to Land Owner and which agreed with Land Owner pursuant to an Agreement with Land Owner dated March 15, 1991 (the "CSC Agreement"), a copy of the relevant portions of which have been delivered to Landlord, Tenant and Land Owner, that CSC has a continuing responsibility to remove all hazardous substances (as defined therein) and hazardous wastes (as defined therein) on or emanating from the Demised Premises in accordance with all applicable federal and state environmental laws where the condition required to be removed or remediated resulted in whole or in part from CSC's use of the Demised Premises or was in existence or resulted from conditions on the Demised Premises prior to the conveyance of the Demised Premises to the Land Owner. In addition, CSC agreed to indemnify the Land Owner from, inter alia, claims arising from the presence of hazardous substances or hazardous wastes on the Demised Premises prior to the conveyance of the Demised Premises to the Land Owner. The Land Owner has agreed with Landlord and Tenant to enforce the provisions of the CSC Agreement for the benefit of Landlord and Tenant.

(c) Based on the Environmental Reports, Landlord warrants prior to the commencement date of the Original Leases it had provided for the removal of all Hazardous Substances known by Landlord to exist on the Demised Premises which pose a threat to health, safety or the environment and which were required to be removed at that time pursuant to all Environmental Laws and/or administrative determinations thereunder. Landlord further agrees that it shall, at its sole cost and expense (or at the expense of third parties other than Tenant), remove any Hazardous Substances which pose a threat to health, safety or the environment and

which are required to be removed pursuant to all Environmental Laws and/or administrative determinations thereunder and which result solely from the acts of Landlord, its agents, employees and contractors. In no event shall Tenant be responsible for any such requirements, costs or expense

(d) Landlord further agrees that it shall, at its sole cost and expense (or at the expense of third parties other than Tenant), maintain the Demised Premises in compliance with Environmental Laws throughout the period of this Lease, excepting compliance requirements related to Tenant's operations or as may be expressly required of Tenant hereunder

(e) Landlord further warrants, covenants and agrees that it shall, at its sole cost and expense (or at the expense of third parties other than Tenant) maintain the Demised Premises in compliance with all laws and regulations and perform any and all environmental investigations or remediation of the Demised Premises which may be required (now or at any future time), secure all permits and licenses, and pay all related costs and expenses, to the extent such requirements arise under Environmental Laws or the common law and relate to Hazardous Substances that are present on or under the Demised Premises due to the acts or omissions (including without limitation demolition of existing structures on the premises, re-use or disposal of demolition material including without limitation asbestos and heavy metals, site preparation, construction, or maintenance on or of the Demised Premises) of Landlord, its employees, agents, contractors, and invitees. In addition, Landlord shall take all appropriate action to enforce the provisions of the CSC Agreement for both Landlord's benefit and the benefit of Tenant and Mortgagee. In no event shall Tenant be responsible for any such requirements, investigations, or remediation, or any costs associated therewith, except as provided in paragraph 6.2.3 below

6.2.2. Landlord shall pay or indemnify and hold harmless the Tenant from any and all claims, damages, fines, judgments, penalties, costs, expenses or liabilities (including, without limitation, any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising during or after the Term of this Lease, from or in connection with the presence or suspected presence of Hazardous Substances in, on or about the Demised Premises, to the extent Hazardous Substances cause death, personal injury, or damage to property or natural resources, or required investigation or remediation due to acts (including but not limited to demolition, site preparation, construction, or maintenance of the Demised Premises) or omissions of Landlord, its employees, agents, contractors, or invitees, except to the extent that such injury or damage is due to acts or omissions of Tenant, Tenant's agents, employees, contractors or invitees

6.2.3. Tenant shall not cause or permit any Hazardous Substances to be used, stored, generated or disposed of in, on or about the Demised Premises by Tenant, its agents, employees, contractors or invitees, except for such Hazardous Substances Tenant will disclose to Landlord in writing annually. Any such Hazardous Substances permitted on the Demised Premises as hereinabove provided, and all containers therefor, shall be used, kept, stored and disposed of in a manner that complies with all Environmental Laws applicable to any such Hazardous Substances. Tenant shall indemnify and hold harmless the Landlord, Land Owner and Mortgagee from any and all claims, damages, fines, judgments, penalties, costs, expenses or liabilities (including, without limitation, any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising under the Environmental Laws or the common

law, during or after the Term of this Lease, from or in connection with the use, storage, generation or disposal of Hazardous Substances in, on or about the Demised Premises by Tenant, Tenant's agents, employees, contractors or invitees.

6.2.4 The agreements contained in paragraphs 6.2.2 and 6.2.3 above shall expressly include, without limitation, any and all costs incurred due to any investigation of the site or any cleanup, removal and restoration mandated by a federal, state or local agency or political subdivisions, or any party acting on their behalf under any "Citizen Suit" provision or otherwise; provided that upon a finding by a court or proper governmental agency having jurisdiction over the matter that neither Landlord nor Tenant bore any responsibility, each party shall bear its own costs.

6.2.5. In the event the Land Owner or Mortgagee assumes the role of the Landlord hereunder, neither the Land Owner nor Mortgagee shall have any legal obligation to indemnify Tenant under the provisions of this Article 6, except as provided in the EDA Agreement

6.3 ISRA Compliance

(1) As between Landlord and Tenant, the cost of compliance with ISRA, including any investigation or remediation of the Demised Premises required in connection with a sale or other transfer of any of Landlord's rights, title or interests in the leasehold estate to a party other than Tenant shall be borne by Landlord, except to the extent that investigation or remediation of Hazardous Substances is caused by the acts or omissions of Tenant, its employees, agents, contractors, or invitees.

(2) As between Landlord and Tenant, the cost of ISRA compliance (including any investigation or remediation of the Demised Premises) in connection with expiration or sooner termination of this Lease (other than by Landlord's default) or to terminate this Lease (other than for default), or upon a dispossession resulting from an Event of Default hereunder shall be borne by Tenant, except to the extent that investigation or remediation of Hazardous Substances is caused by the acts or omissions of Landlord, its employees, agents, contractors, or invitees. With respect to Tenant's exercise of its option to purchase the Demised Premises, Landlord hereby agrees to give Tenant a credit against the purchase price for the cost incurred by Tenant of ISRA compliance (limited to any investigation or tests, but not the remediation, of the Demised Premises) Provided, however, that nothing in this paragraph shall limit in any way the obligations of Land Owner for any such costs under this Lease, Environmental Laws or the common law; and provided further that nothing in this Lease shall be construed as an agreement on the part of Tenant to be responsible for any claims or liabilities relating to or occurring as a result of the use or condition of the Demised Premises prior to Tenant's occupancy of the Demised Premises

6.4 Notwithstanding any of the foregoing provisions of this Article 6, it is expressly agreed that Tenant shall not be required to comply with any Legal Requirement or Environmental Law upon the demand of any governmental authority or pay or discharge any obligation asserted by any governmental authority, so long as it shall in good faith contest the

same, or the validity thereof, by appropriate legal proceedings, provided that (a) such proceedings shall suspend the collection of any governmental imposition, (b) no part of the Demised Premises or any of the Base Rent would be subject to lien, loss, sale or forfeiture during such proceedings, (c) Landlord and Land Owner would not be subject to any criminal liability for the failure to pay, (d) Tenant shall have furnished such security as may be required in the proceedings or reasonably requested by Landlord (including, without limitation, a bond in such amount as may be necessary to cover any accruing fine or penalty), (e) such proceeding shall not affect the payment of Base Rent hereunder or prevent Tenant from using the Demised Premises for its intended use, and (f) Tenant shall notify Landlord of any such proceedings within ten (10) days after the commencement thereof and shall describe such proceedings in reasonable detail. Any proceeding or proceedings for contesting the validity or amount or to recover back any imposition, may be brought by either party, or both, as may be necessary or appropriate, and each of the parties agrees that it shall cooperate with the other in any such proceeding to such extent as such other party may reasonably request, it being understood, however, that if any such proceeding be brought by Tenant, Tenant shall indemnify and save harmless Landlord against any and all loss, cost or expense of any kind that may be imposed upon Landlord in connection therewith. Tenant shall be entitled to any refund of any such imposition or other charges and penalties or interest thereon which have been paid by Tenant, or by Landlord and for which Landlord has been reimbursed by Tenant. The satisfaction of the appropriate governmental agency having jurisdiction over the subject matter shall evidence Tenant's compliance with Legal Requirements or Environmental Laws, as the case may be.

7. Alterations.

7.1 During the Term of this Lease, Tenant shall have the right, at its own cost and expense, to make such non-structural alterations and improvements in, on and to the Demised Premises as it shall deem expedient or necessary for its business purposes, provided that such non-structural alterations and improvements shall not materially impair the value of the Buildings or their structural strength or any of their mechanical, plumbing or electrical systems (collectively, "Alterations"), subject, however, in all cases to the following conditions:

7.1.1 No alterations (other than the Alterations set forth in 7.1 above), shall be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned. No alterations of any kind shall be commenced except after twenty (20) days' prior written notice to Landlord, which shall include reasonably detailed plans and specifications of the proposed alterations. Failure of Landlord to give a written response to Tenant's request for its consent within twenty (20) days thereof shall be conclusively deemed to be Landlord's unconditional consent thereto.

7.1.2 No alterations of any kind shall be undertaken until Tenant shall have procured and paid for such permits and authorizations required by Legal Requirements, and shall have provided to Landlord evidence substantiating, to Landlord's reasonable satisfaction, that such permits and authorizations have been issued.

7.1.3 All alterations of any kind shall be performed in a good and workmanlike manner and in compliance with all applicable permits, authorizations and Legal Requirements.

Tenant shall cause all contractors to waive their right to place a lien on the Property to the extent permitted by law.

7.1.4 All alterations of any kind shall be performed by contractors and subcontractors who are properly insured or bonded and Tenant shall not adversely affect life safety, security, electrical, mechanical, plumbing or any other Building system, or disrupt or otherwise interfere with any service or utility furnished to the Buildings or any portion thereof.

7.1.5 Before commencing alterations of any kind and at all times during construction, Tenant's contractor shall maintain, and deliver to Landlord certificates evidencing the existence of liability insurance coverage satisfactory to Landlord and Mortgagee (including without limitation Builder's Risk insurance), which insurance shall name Landlord and the Additional Insureds as additional insureds.

7.2 All Alterations, whether temporary or permanent in character, which may be made upon the Demised Premises by Tenant from and after the Commencement Date shall be the property of Landlord and shall remain upon and be surrendered with the Demised Premises as a part thereof at the expiration or any termination of this Lease, without compensation to Tenant, provided, however, (a) that Tenant shall have the right at its sole option, to remove any or all Alterations and improvements made to the Demised Premises during the Term of this Lease or the Original Leases by and at the expense of Tenant and not necessary for the efficient maintenance, use and/or operation of the Demised Premises, which shall only be done upon twenty (20) days prior written notice to Landlord, unless Landlord shall advise Tenant in writing that such Alterations shall not be removed, and if Landlord shall fail to respond within such twenty (20) day period, Landlord shall be deemed to have granted its consent that such Alterations may be removed, and (b) improvements required by Legal Requirements shall not be removed. If Tenant elects to remove such Alterations in accordance with this Section 7.2, Tenant, at its cost, shall restore the Demised Premises to the condition existing prior to the Alterations, and repair any damage caused by the removal of Alterations, before the last day of the Term. Any and all damage to the Demised Premises caused by Tenant's installation and/or removal of any alterations, improvements or other property from the Demised Premises as above required or permitted shall be promptly repaired by and at the expense of Tenant. As a condition to Landlord's consent under Section 7.1.1 hereof, Landlord may require that Tenant remove such alteration if in Landlord's reasonable judgment such alteration has a material and adverse effect on the character and value of the Demised Premises, in which case Tenant shall remove the same at the expiration or any termination of this Lease.

7.3. Except as set forth in Section 7.2 hereof, it is agreed that all Alterations and tenant improvement shall otherwise remain in the Demised Premises and become the property of Landlord upon the Termination Date.

7.4. Tenant shall remove all of its machinery, equipment, personal property and trade fixtures upon the Termination Date.

7.5. Should Tenant at any time require additional utility service, Landlord agrees to cooperate with Tenant and to execute those documents necessary to obtain same, but all costs in

connection therewith shall be paid for by Tenant.

8. Permitted Use; Signage.

Tenant shall have the right to install a sign or signs (including a monument sign) in such a location or locations as Tenant shall desire to adequately advertise Tenant's occupancy of the Demised Premises, provided that any such installation and signage is at Tenant's sole cost and expense and complies in every respect with applicable Legal Requirements. Any such sign so installed by Tenant shall be maintained by Tenant in good condition during the Term, and Tenant shall remove the same at the expiration or earlier termination of this Lease, repairing any damage caused by the installation and/or removal thereof.

9. Parking.

9.1 Landlord represents and warrants that there are at least 1287 paved and striped parking spaces on the Land and that this meets or exceeds the minimum zoning requirements for the Demised Premises. Currently, Tenant has an agreement (the "Parking Agreement") with Camden Redevelopment Agency ("CRA") to obtain an additional 313 parking spaces. In the event that CRA does not furnish the 313 parking spaces after Tenant has used its reasonable best efforts over a sixty (60) day period to enforce its remedies under the Parking Agreement (without the necessity of suing CRA), upon Tenant's assignment of the benefits of the Parking Agreement to Landlord, Landlord agrees to provide or cause Land Owner or some other party to provide to Tenant, for its exclusive use during the Term of this Lease, an additional 313 paved and striped parking spaces on those certain parcels of land shown cross hatched on Exhibit "9" hereto attached ("Off-Site Parking") or if such parcels are not available, the Landlord shall furnish such parking spaces within five hundred feet (500') of the Building (or further distance if Tenant shall so agree). It is agreed that such Off-Site Parking shall be provided to Tenant at no cost to Tenant, but that Tenant shall be responsible for paying the cost of owning, operating and maintaining same during the Term of this Lease. The failure of Landlord to furnish the foregoing spaces shall not give the Tenant grounds to cancel this Lease, but Tenant shall have the right to bring an action for specific performance against Landlord, which right shall survive against the Landlord (not the Mortgagee) even after a take-over of the Demised Premises by Mortgagee.

9.2. Tenant hereby agrees that, when available and upon twenty (20) days prior written request therefor by Landlord, Tenant will permit such of its parking areas as Landlord shall designate ("Designated Parking Areas") to be utilized for parking by the public, for general waterfront purposes or for special events, upon and subject to the following conditions:

(i) Any such availability of the Designated Parking Areas afforded by Tenant shall be deemed to be a temporary revocable license for the sole purpose of the parking of automobiles.

(ii) Any use of the Designated Parking Areas for the parking of automobiles by the public shall not interfere with Tenant's business operations on the Demised Premises.

(iii) Landlord shall be responsible for compliance with all laws, regulations and ordinances relative to such use, and for enforcement of proper and orderly conduct of all persons on or about the Designated Parking Areas during such use

(iv) Landlord shall keep the Designated Parking Areas free from all rubbish and debris arising out of the use of the Designated Parking Areas for such events.

(v) - Landlord shall indemnify and hold Tenant harmless against and from any and all liability of any nature whatsoever for injury to person (including death) or damage to property arising out of such use, and against and from any and all damage, loss, cost and expense (including attorney's fees) by reason of any claim therefor. Landlord or other third party shall provide, maintain and pay for general liability insurance, insuring Tenant against any and all liability for injury or death of a person or persons, and for damage or destruction of property, occasioned by or arising out of or in connection with the use of the Demised Premises for such events, and including contractual liability coverage for Landlord's indemnity obligations provided for in this sub-paragraph (v), to afford protection with a combined single limit of liability of at least Five Million Dollars (\$5,000,000)

(vi) In the event that Land Owner becomes the Landlord hereunder, Land Owner shall provide, maintain and pay for general liability insurance, insuring Tenant against any and all liability for injury or death of a person or persons, and for damage or destruction of property, occasioned by or arising out of or in connection with the use of the Demised Premises for such events, and including contractual liability coverage for Land Owner's obligations provided for in this sub-paragraph (vi), to afford protection with a combined single limit of liability of at least Five Million Dollars (\$5,000,000), and, in lieu of the indemnification set forth in (v) above, Land Owner shall deliver to Tenant a certificate of insurance naming Tenant as an additional insured for such insurance coverage

10. Assignment and Subletting.

10.1 Neither Tenant, nor Tenant's successors or assigns, shall assign, mortgage, pledge or encumber this Lease, in whole or in part, nor shall this Lease be assigned or transferred by operation of law, without the prior consent in writing of Landlord in each instance, which consent shall not be unreasonably withheld, delayed or conditioned. If this Lease be so assigned or transferred, Landlord may, after such default by Tenant, collect rent from the assignee, transferee, or occupant, and apply the net amount collected to the rent reserved herein, but no such assignment, or collection shall be deemed a waiver of any agreement, term, covenant or condition of this Lease, or the acceptance of the assignee, transferee, or a release of Tenant from the performance or further performance by Tenant of the terms, covenants and conditions of this Lease, and Tenant shall continue to be liable under this Lease. The consent by Landlord to an assignment, sublease, mortgage, pledge, encumbrance or transfer shall not be construed to relieve Tenant from obtaining the express consent in writing of Landlord to any further assignment, mortgage, pledge, encumbrance or transfer. Regardless of whether Landlord consents to an assignment, no assignment of this Lease or sublease shall release the assignor/obligor hereunder from its continuing obligations to Landlord under this Lease or any renewals, extensions or modifications thereof, and Tenant, its obligors and any subsequent

assignor shall continue to remain jointly and severally liable for all of Tenant's obligations hereunder. Notwithstanding anything to the contrary herein contained, provided Tenant gives Landlord at least ten (10) days prior written notice, Tenant may assign this Lease without Landlord's consent to (i) any affiliate or subsidiary of Tenant, (ii) any entity in which Tenant shall maintain at least a twenty percent (20%) interest, or (iii) any entity which shall acquire a business segment of Tenant of which Tenant's operation at the Demised Premises is a part (a "Permitted Assignment"), provided, however, that such Permitted Assignment will not release Tenant from its obligations under this Lease. Anything to the contrary contained in this Article notwithstanding, as a condition to any Permitted Assignment or with regard to any assignment requiring Landlord's consent, no assignment shall be effective unless Tenant agrees at the time of the proposed assignment to pay over to Landlord, as Additional Rent, fifty (50%) percent of any profit received by Tenant. The term "profit" as utilized herein means: (a) all consideration (of whatever nature) that would be payable by the prospective assignee to Tenant, whether in one or more payments or transfers and whether pursuant to such assignment or any other agreement providing for consideration attributable to such assignment, which exceeds (b) the pro rata share of the Base Rent allocable to the Demised Premises, or the relevant portion thereof, payable by Tenant hereunder, less ordinary and customary expenses incurred by Tenant attributable to such assignment. No partial assignment by Tenant or its successors or assigns shall be permitted except pursuant to a Permitted Assignment. Subject to the terms of this Lease, Landlord agrees to recognize any right reserved by Tenant in any assignment agreement to recapture the Demised Premises upon a default by such assignee.

10.2 With respect to any Permitted Assignment or if Tenant requests Landlord's consent to an assignment of this Lease or a subletting of all or a part of the Demised Premises, Tenant shall submit to Landlord (1) the name of the proposed assignee or subtenant, (2) the terms of the proposed assignment or subletting, (3) the nature of the proposed assignee or subtenant's business and its proposed use of the Demised Premises, (4) such information as to the financial responsibility and general reputation of the proposed assignee or subtenant as Landlord may require, (5) a summary of plans and specifications for revising the floor layout of the Demised Premises; and (6) a true and complete copy of the proposed assignment or sublease (as the case may be). Upon the receipt of all such information from Tenant, Landlord shall have the option, to be exercised in writing within twenty (20) days of receipt of all such information, to grant its consent, deny its consent or to cancel and terminate this Lease as of sixty (60) days after the date set forth in Landlord's notice of exercise of such option. If Landlord shall cancel this Lease, Tenant shall surrender possession of the Demised Premises, sixty (60) days after the date set forth in such notice in accordance with the provisions of this Lease relating to surrender of the Demised Premises.

10.3 Notwithstanding the foregoing, Tenant may sublet the Demised Premises without Landlord's prior-written consent to (i) any affiliate or subsidiary of Tenant, (ii) any entity in which Tenant shall maintain at least a twenty percent (20%) interest, or (iii) any entity which shall acquire a business segment of Tenant of which Tenant's operation at the Demised Premises is a part. Tenant shall have the right to sublet, at any time and from time to time, all or any part of the Demised Premises, but upon any such subletting by Tenant, Tenant shall pay to Landlord, as and when received, fifty percent (50%) of any profit received by Tenant on any such subletting. Notwithstanding the foregoing, however, if at any time Tenant shall vacate the

Demised Premises to the extent that it shall no longer be operating a bona fide office in the Building, then in that event and until such time as Tenant shall once again operate on the Demised Premises, Tenant shall pay to Landlord, as Additional Rent, as and when received, seventy-five percent (75%) of any subletting profit received by Tenant during such time of its vacancy. The term "profit" as utilized herein means the amounts paid to Tenant by all subtenants, less (a) Tenant's costs allocable to the portion of the Demised Premises affected (including Rent) and also allocable to any other portion of the Demised Premises that is vacant and being offered for sublease by Tenant, (b) brokerage commissions, legal fees, and other costs incurred by Tenant in obtaining such subtenant and (c) the amortization of improvements made to the Demised Premises paid for by Tenant to provide for occupancy by said subtenants. Occupancy of portions of the Demised Premises from time to time by Tenant's or an Affiliate's customers, co-contractors or subcontractors which are not required to pay any rent or other consideration for such occupancy shall not be deemed to be an assignment or sublease for any purpose of this Lease.

10.4 In the event of any such assignment or subletting, Tenant shall nevertheless remain liable for the performance of all of the terms, conditions and covenants of this Lease, including the payment of all Rent due under this Lease

11. Damage or Destruction.

11.1 In every case of fire, explosion, damage by the elements or other casualty in, on or to the Demised Premises, Tenant shall immediately give notice to Landlord

11.2 If the Demised Premises shall be damaged by fire, the elements or other casualty, the Landlord shall repair the same as speedily as practicable from the proceeds of the insurance to be maintained by Tenant pursuant to Section 4.1 hereof, but the Tenant's obligation to pay the Rent hereunder shall not cease or be abated, except to the extent that Landlord or Mortgagee receives proceeds from rental insurance

11.3 Notwithstanding the foregoing, provided no Event of Default has occurred hereunder and Tenant has maintained the insurance coverages required by the terms of this Lease, Tenant shall be permitted to terminate this Lease in the event the Demised Premises, or any part thereof, have been rendered untenable, inaccessible or unsafe for its intended use by Tenant and Landlord cannot restore the Demised Premises within a period equal to the lesser of eighteen (18) months or a period equal to one third (1/3) of the remaining term of the Lease of said damage, provided that Tenant shall furnish notice of its intention to terminate within thirty (30) days of the event giving rise to such damage. In the event Tenant does not furnish such notice to terminate, it shall be bound to the terms of this Lease for the remainder of the term. As a condition to making its determination not to terminate the Lease, Tenant shall be permitted to carry out the repair and restoration of the Demised Premises

11.4 If the insurance required under this Lease to be carried by Tenant does not insure against the damage, Landlord, at Landlord's sole option, shall either repair the damage as above provided or terminate this Lease by giving Tenant, within sixty (60) days after Landlord's knowledge of the damage, at least sixty (60) days prior notice specifying the termination date

and the amount of the shortfall, unless Tenant before the termination date agrees to pay the amount of the shortfall. In the event the insurance coverage is inadequate to make the repairs, Tenant shall be obligated (subject to Section 11.3 above) to repair the damage.

11.5 Tenant agrees that the foregoing provisions are in lieu of any other rights or remedies that Tenant may have pursuant to N.J.S.A. 46:8-6 or 46:8-7.

12. Condemnation.

12.1 If the entire Demised Premises shall be taken under the power of eminent domain by any public or private authority or in the event of any sale to such authority in lieu of formal proceedings of eminent domain, then this Lease (and the Rent) shall cease and terminate as of the date of such taking or sale, which date is defined, for all purposes of this Article 12, as the date the public or private authority has the right to possession of the property being taken or sold. Any prepaid Base Rent and additional rent shall be refunded to Tenant.

12.2 If less than the entire Demised Premises shall be so taken, this Lease shall continue in full force and effect as to that portion of the Demised Premises remaining and the Base Rent payable hereunder after the date of said taking until such time as the Demised Premises are restored as hereinafter provided, shall be reduced in the same proportion as the floor areas of the Buildings are reduced by said taking. In such an event (i.e. a partial taking), Landlord shall proceed diligently to restore said Demised Premises as closely as possible to their condition immediately prior to the taking. If, however, the partial taking is such that in Tenant's reasonable business judgment the Demised Premises cannot be utilized for the purposes intended by this Lease and Landlord cannot restore the Demised Premises to the extent that it can be so utilized within nine (9) months of such taking, then in that event Tenant may terminate this Lease as of the date of such taking by giving Landlord written notice thereof within thirty (30) days of such taking. Landlord shall at all times keep Tenant fully advised of any condemnation proceedings or threat thereof.

12.3 In the event of any taking or sale of all or any part of the Demised Premises, the entire proceeds of the award or sale shall be paid to Landlord, and Tenant shall have no right to any part thereof; provided, however, that nothing contained herein shall be construed to prevent Tenant from recovering any allowance for its personal property, moving expenses or any other claim which the law permits to be made by tenants (but not a claim for the value of its leasehold), so long as such allowance does not diminish the award paid to Landlord.

12.4 In the event of a partial taking or sale not resulting in a termination of this Lease pursuant to Section 12.2 or 12.3, Landlord shall effectuate all such repairs and restoration as are necessary to restore the Demised Premises for the operation of Tenant's business. If the net proceeds of the award or sale which Landlord receives and is permitted to use for restoration purposes by Landlord's Mortgagees (subject to Article 15 hereof) are not sufficient to repair or restore the Demised Premises, Tenant may, at its own expense, complete such repairs or restoration, in accordance with the terms of this Lease without reimbursement from Landlord or without right of set off against Rent, it being understood that in this case, Landlord shall be obligated to repair and restore up to the amount of such net award or sale proceeds received by

Landlord, and Tenant shall pay the additional cost to repair or restore, provided, however, if Tenant shall elect not to pay such additional cost to repair or restore, Landlord may terminate this Lease or pay the cost of such repair or restoration without reimbursement from Tenant

12.5 The taking of the Demised Premises or any part thereof by military or other public authority shall constitute a taking of the Demised Premises under the power of eminent domain only when the use and occupancy by the taking authority has continued for longer than 90 consecutive days. During the 90-day period all the provisions of this Lease shall remain in full force and effect, except that the Rent shall be abated during such period of taking based on the extent to which Landlord or Mortgagee receives the proceeds of rental insurance. Landlord shall be entitled to whatever award may be paid for the use and occupation of the Property for the period involved.

12.6 It is agreed that in the event any parking spaces are so appropriated or taken, Landlord shall, at Landlord's sole expense, promptly substitute similarly situated parking spaces of equal quality therefor situated within five hundred feet (500') of the Building (or further distance if Tenant so agrees).

13. Entry on Demised Premises by Landlord.

13.1 Landlord and Landlord's Mortgagees and their authorized representatives shall have the right, after reasonable prior notice (which shall mean not less than two (2) Business Days' prior written notice), to enter the Demised Premises, or any part thereof, at all reasonable times for the purpose of inspecting same and showing the same to appraisers, investors, prospective investors, prospective lenders and prospective purchasers or fee mortgagees thereof (and consultants of any of the foregoing), and for the purpose of showing the same to prospective tenants, subject to Tenant's reasonable security and confidentiality procedures and agreements (including, without limitation, the right of Tenant to have a representative of Tenant accompany all such persons).

13.2 Upon compliance with Tenant's security regulations, Landlord shall be permitted, along with its authorized representatives, to enter the Demised Premises, or any part thereof, at all times for the purpose of curing an Event of Default of Tenant in accordance with, and (except in the event of an emergency) after such notice (if any) as may be required by the provisions of Article 26. In addition, Tenant, after reasonable prior notice (which shall mean not less than one (1) Business Day prior written notice) (except in the case of an emergency), shall permit Landlord and Landlord's Mortgagees and their respective authorized representatives, to enter the Demised Premises, or any part thereof on Business Days (provided such time limitation shall not apply in the event of an emergency), for the purpose of performing such work as Landlord shall reasonably deem necessary to prevent any damage or deterioration to the Demised Premises if and to the extent that Tenant has failed or is not required to perform such work after not less than two (2) Business Days' written notice thereof from Landlord to Tenant, except that in the event of an emergency no such notice shall be required. Tenant shall have the right to accompany Landlord, Landlord's Mortgagees, investors, prospective investors and their representatives during any such entry. In an emergency, Landlord shall comply with Tenant's security emergency regulations, to the extent reasonably possible.

13.3 Tenant, at no cost to it, shall cooperate with Landlord during the pendency of any such stoppage or interruption of services as provided in this Article 13, provided that no such stoppage, or interruption, or requested cooperation of Tenant, shall disrupt the normal conduct of Tenant's business

14. Indemnification.

14.1 Tenant will protect, indemnify and hold harmless Landlord and Landlord's Mortgagees and each of their respective agents, professionals, employees, members, officers, directors, shareholders, affiliates and partners (collectively, the "Landlord Indemnitees") from and against any and all claims (including, without limitation, the claims of any third party), actions, damages, liability and expense (including fees of attorneys, investigators and experts) in connection with loss of life, personal injury or damage to property in or about the Demised Premises. In case any action or proceeding is brought against any of the Landlord Indemnitees by reason of the foregoing, Tenant, at its expense, shall resist and defend such action or proceeding, or at Landlord's election, cause the same to be resisted and defended by counsel (reasonably acceptable to Landlord) designated by the insurer whose policy covers such occurrence or by counsel designated by Tenant and approved by Landlord. Tenant's obligations pursuant to this Section 14.1 shall survive the expiration or termination of this Lease. Notwithstanding anything to the contrary contained in this Section 14.1, the provisions of this Section 14.1 shall not apply (a) to the extent any of the Landlord Indemnitees are compensated by insurance maintained by Landlord or Tenant, or (b) to the extent such of the foregoing has arisen from the negligence, recklessness or willful misconduct of the Landlord Indemnitee seeking indemnification or (c) to any matter involving or resulting from Hazardous Materials which shall be governed exclusively by Article 6.

14.2 Landlord will protect, indemnify and hold harmless Tenant and its agents, employees, officers, directors, shareholders, affiliates, partners and subtenants (collectively the "Tenant Indemnitees") from and against any and all claims (including, without limitation, the claims of any third party), actions, damages, liability and expense (including fees of attorneys, investigators and experts) in connection with loss of life, personal injury or damage to property in or about the Demised Premises occasioned wholly or in part by any negligent act or omission during the Term of Landlord or its agents, employees or contractors. In case any action or proceeding is brought against any of the Tenant Indemnitees by reason of the foregoing, Landlord, at its expense, shall resist and defend such action or proceeding, or cause the same to be resisted and defended by counsel (reasonably acceptable to Tenant) designated by the insurer whose policy covers such occurrence or by counsel designated by Landlord and approved by Tenant and its agents. Notwithstanding anything to the contrary contained in this Section 14.2, the provisions of this Section 14.2, shall not apply (a) to the extent any of the Tenant Indemnitees are compensated by insurance maintained by Landlord or Tenant or (b) to the extent such of the foregoing arise from the negligence, recklessness or willful misconduct of the Tenant Indemnitee seeking indemnification. Tenant Indemnitees may not seek indemnification from Land Owner (even if or when the Land Owner or Mortgagee becomes the Landlord) or from Mortgagee. All cost and expense incurred by Landlord pursuant to this Section 14.2 shall not be subject to reimbursement by Tenant.

14.3 The provisions of Article 14 shall survive Expiration Date or termination of this Lease

15. Subordination and Attornment.

Tenant agrees upon request of Landlord to subordinate this Lease and its rights hereunder to the lien of any mortgage, deed of trust or other voluntary hypothecation arising out of any security instrument duly executed by Landlord and charged against the Demised Premises, or any portion or portions thereof, and to execute at any time and from time to time such documents as may be required to effectuate such subordination, provided, however, that Tenant shall not be required to effectuate any such subordination or other document hypothecating any interest in the Demised Premises unless the mortgagee or beneficiary named in such mortgage or deed of trust shall first enter into a Subordination, Non-Disturbance and Attornment Agreement in such form and content substantially comparable to attached EXHIBIT "15" or such mortgagee's standard form of Subordination, Non-Disturbance and Attornment Agreement comparable to EXHIBIT "15", and if there is or will be, as of the Commencement Date of this Lease, any lease, mortgage or deed of trust in effect with respect to the Demised Premises, or any portion or portions thereof, which would thereby be superior to this Lease, including without limitation the Ground Lease, Landlord shall obtain and deliver to Tenant, prior to the Commencement Date of this Lease, a Subordination, Non-Disturbance and Attornment Agreement in such form and content substantially comparable to attached EXHIBIT "15", duly executed on behalf of each such lessor, mortgagee and beneficiary

16. Default.

16.1 As used in the provisions of this Lease, each of the following events shall constitute, and is hereinafter referred to as, an "Event of Default":

16.1.1 Failure to make payment of any installment of Base Rent within five (5) Business Days notice of Tenant's failure to make such payment or failure to make payment of any Additional Rent or any other sum specifically to be paid by Tenant hereunder within ten (10) Business Days notice of Tenant's failure to make such payment, or

16.1.2 Default in the observance or performance of any of Tenant's other covenants hereunder (other than the covenant to pay Base Rent, Additional Rent or any other sum herein specified to be paid by Tenant or any other covenant specifically covered in this Section 16.1) and such default shall not have been cured within thirty (30) days after Landlord shall have given to Tenant written notice specifying such default, provided, however, that if the default complained of shall be of such a nature that the same cannot be completely remedied or cured within such thirty-day period, then such default shall not be an enforceable default against Tenant for the purposes of this Paragraph if Tenant shall have commenced curing such default within such thirty-day period and shall proceed with reasonable diligence and in good faith to remedy the default complained of, or

16.1.3 The occurrence of Tenant's Bankruptcy; or

16.1.4 If Tenant shall vacate the Demised Premises and fail to (i) continue its maintenance obligations hereunder (ii) provide adequate insurance on the Demised Premises, or (iii) provide adequate security for the Demised Premises as a vacant building; or

16.1.5 The Tenant shall fail to make any payment in respect of Tenant's debt or any capital lease or synthetic lease in an aggregate amount in excess of \$15,000,000 outstanding when due or within any applicable grace period and such failure (with the passage of applicable notice and grace periods) entitles the holder thereof to accelerate such obligation and such holder has not waived such failure; or

16.1.6 Any event or condition shall occur which permits (with the passage of applicable notice and grace periods) the acceleration of the maturity of Tenant's debt or any capital lease or synthetic lease in an aggregate amount in excess of \$15,000,000 outstanding or the mandatory prepayment or purchase of such debt or any capital lease or synthetic lease by the Tenant prior to the scheduled maturity thereof, regardless of whether such event arises from a non-payment, breach of covenant or otherwise and the holder thereof has not waived such event, provided, however, that a failure to agree under a "renewal" clause in any synthetic lease which (y) gives the lessor the right to accelerate the maturity of the lease or (z) results in the exercise of any purchase option by Tenant pursuant to an option to purchase or a put obligation, which in any such event does not constitute a default thereunder, shall not constitute an Event of Default hereunder, or

16.1.7 One or more judgments or orders for the payment of money in an aggregate amount in excess of \$15,000,000 shall be rendered against the Tenant and such judgment or order shall not have been vacated, discharged, stayed or bonded pending appeal for a period of sixty (60) days

16.2 Upon the occurrence of any Event of Default

16.2.1 Landlord may, without further notice to Tenant and without further demand for Base Rent due or for the observance or performance of any of said terms, conditions or agreements, elect to do one or more of the following. (x) perform, on behalf and at the expense of Tenant, any obligation of Tenant under this Lease which Tenant has failed to perform, the cost of which performance by Landlord shall be deemed Additional Rent and shall be payable by Tenant to Landlord upon demand together with interest thereon at the Overdue Interest Rate from the date of such expenditure by Landlord until the date of payment thereof by Tenant; and/or (y) terminate this Lease by giving written notice thereof to Tenant and, upon the giving of such notice, the Term and the estate hereby granted shall expire and terminate with the same force and effect as though the date of such notice was the date hereinbefore fixed for the expiration of the Term, and all rights of Tenant hereunder shall expire and terminate, but Tenant shall remain liable as hereinafter provided; and/or (z) exercise any other right or remedy available to Landlord at law or in equity.

16.2.2 Landlord may, whether or not the Term has been terminated as herein provided, re-enter and repossess the Demised Premises or any part thereof by summary

proceedings, ejectment or otherwise and Landlord shall have the right to remove all persons and property therefrom. Landlord shall be under no liability for or by reason of any such entry, repossession or removal; and no such re-entry or taking of possession of the Demised Premises by Landlord shall be construed as an election on Landlord's part to terminate the Term unless a written notice of such intention be given to Tenant pursuant to Paragraph 16 2.1 above or unless the termination of this Lease be decreed by a court of competent jurisdiction.

16.2.3 At any time or from time to time after the repossession of the Demised Premises or any part thereof pursuant to Paragraph 16 2.2 whether or not the Term shall have been terminated pursuant to Paragraph 16 2.1 above, Landlord may (but shall be under no obligation to) relet all or any part of the Demised Premises for the account of Tenant for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term) and on such conditions (which may include concessions or free rent) and for such uses as Landlord, in its absolute discretion, may determine, and Landlord may collect and receive any rents payable by reason of such reletting. Landlord shall not be required to accept any tenant offered by Tenant or observe any instruction given by Tenant about such reletting. For the purpose of such reletting, Landlord may make repairs, changes, alterations or additions in or to the Demised Premises or any part thereof to the extent deemed by Landlord to be reasonably necessary, and the cost of such repairs, changes alterations or additions shall be charged to and be payable by Tenant as Additional Rent hereunder, as well as any reasonable brokerage and legal fees expended by Landlord.

16.2.4 No expiration or termination of the Term pursuant to Paragraph 16 2.1 above, by operation of law or otherwise, and no repossession of the Demised Premises or any part thereof pursuant to Paragraph 16 2.2 above, or otherwise, and no reletting of the Demised Premises or any part thereof pursuant to Paragraph 16 2.3 above shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, repossession or reletting.

16.2.5 In the event of any expiration or termination of this Lease or repossession of the Demised Premises or any part thereof by reason of an occurrence of an Event of Default, Landlord may require Tenant to pay to Landlord the Base Rent, Additional Rent (including Replacement Rent) and other sums required to be paid by Tenant to and including the date of such expiration, termination or repossession, and, thereafter, Tenant shall, until the end of what would have been the expiration of the then existing Term in the absence of such expiration, termination or repossession, and whether or not the Demised Premises or any part thereof shall have been relet, be liable to Landlord for, and shall pay to Landlord, as liquidated and agreed current damages, the Base Rent, Additional Rent and other sums which would be payable under this Lease by Tenant in the absence of such expiration, termination or repossession, less the net proceeds actually received, if any, of any reletting effected for the account of Tenant pursuant to Paragraph 16.2.3 above, after deducting from such proceeds all of Landlord's reasonable expenses in connection with such reletting (including, without limitation, all related repossession costs, brokerage commissions, legal expenses, attorneys' fees, employees' expenses, alteration costs and expenses of preparation for such reletting). Tenant shall pay such current damages on the days on which the Base Rent would have been payable under this Lease in the absence of such expiration, termination or repossession, and Landlord shall be entitled to recover the same.

from Tenant on each such day. Landlord shall use reasonable business efforts to mitigate Tenant's damages hereunder.

16.2.6 At any time after such expiration or termination of this Lease or repossession of the Demised Premises or any part thereof by reason of the occurrence of an Event of Default under Section 16.1.2, whether or not Landlord shall have collected any current damages pursuant to Paragraph 16.2.5 above, Landlord, at Landlord's option, shall be entitled to recover from Tenant, and Tenant shall pay to Landlord on demand, as and for liquidated and agreed final damages for Tenant's default and in lieu of all current damages beyond the date of such demand (it being agreed that it would be impracticable or extremely difficult to fix the actual damages), an amount equal to the excess, if any, of (i) Base Rent, plus Replacement Rent (if any), which would be payable under this Lease for the remainder of the then existing Term from the date of such demand (or, if it be earlier, the date to which Tenant shall have satisfied in full its obligations under Paragraph 16.2.5 above to pay current damages) for what would have been the then unexpired term of this Lease in the absence of such expiration, termination or repossession, (discounted at the average rates borne by Treasury obligations having maturities closest to the rent payment dates), over (ii)

(a) in the event that Landlord shall enter into a new lease for the Demised Premises which has a term equal to or greater than the remaining Term of this Lease, the contract rate for Base Rent due under such new lease, discounted at a like rate plus the cost of putting the tenant under such new lease into possession, including, without limitation, all of Landlord's expenses referred to in Paragraph 16.2.5 above, provided that the Base Rent under the new lease shall be adjusted upward by (1) the amount of any rent subsidy given to the new tenant in excess of any rent subsidy given Tenant, which has the effect of lowering such tenant's monthly rent and (2) any adjustment in rent structure to reflect any difference in such structure so as to make the two leases equal in allocation of costs and other obligations as between Landlord and Tenant under both leases (the "New Adjusted Rent"), or

(b) in the event Landlord has not entered into a new lease for the Demised Premises, the "Market Rent" as defined in Paragraph 38.1.1 for the Demised Premises for the remaining term of the Lease, determined by the appraisal method set forth in Paragraph 38.1.3, discounted at a like rate, plus the estimated cost, if any, included in such appraisals related to putting a tenant under such assumed new lease into possession, including, without limitation, all of Landlord's estimated expenses of the type referred to in Paragraph 16.2.5 above (the "Adjusted Market Rent"); or

(c) in the event that Landlord has entered into a new lease for the Demised Premises which does not have a term equal to or greater than the remaining term of this Lease, the New Adjusted Rent for the term of such new lease and the Adjusted Market Rent for the remaining Term of this Lease, both discounted at a like rate, plus the estimated cost, if any, included in such appraisals related to putting a tenant under such assumed new lease into possession, including, without

limitation, all of Landlord's estimated expenses of the type referred to in Paragraph 16.2.5 above.

If any statute or rule of law shall validly limit the amount of such liquidated final damages to less than the amount above agreed upon, Landlord shall be entitled to the maximum amount allowable under such statute or rule of law. If Landlord only rents one of the two buildings on the Premises, the foregoing provisions may be applied to the Rent due on such building.

16.2.7 Upon the occurrence of an Event of Default as provided in Section 16.1.1, 16.1.3, 16.1.4, 16.1.5, 16.1.6 (but, in the latter case, only upon the acceleration of the maturity of the obligations described in Section 16.1.6) or 16.1.7 and the expiration or termination of this Lease or repossession of the Demised Premises or any part thereof by reason of the occurrence of an Event of Default, in addition to Tenant paying Base Rent and Additional Rent for the period through the date Tenant vacates the Demised Premises, Landlord, with the consent of the Mortgagee, shall have the right to collect and Tenant shall be obligated to immediately pay, without further demand or notice, as and for liquidated damages an amount equal to the lesser of the amount set forth in the annexed Schedule B (which shall not be amended without the consent of the Tenant), applicable to such time of payment, or the remaining aggregate Base Rent, plus Replacement Rent (if any), which would have been payable by Tenant for the balance of the Term subsequent to such time of payment had this Lease not terminated or had Landlord not re-entered the Demised Premises. Said sum shall be paid directly to Mortgagee within sixty (60) days of written demand therefor, without set-off or deduction of any kind, to be applied as a credit against the sums owed by Landlord to Mortgagee.

Provided Tenant pays all of the liquidated damages set forth in this Section 16.2.7 and provided further that none of such payment has been voided or rescinded by order of any court or through other legal proceedings, within ninety (90) days of the date of receipt of the full liquidated damages amount, Landlord shall furnish Tenant with an appraisal, as set forth in Section 37(b) hereof, of the Demised Premises. Within two hundred seventy (270) days of the date of receipt of the full amount of such liquidated damages, Tenant shall be entitled to receive the following from Landlord (up to the amount of the liquidated damages paid by Tenant pursuant to this Section 16.2.7):

- (a) If the Demised Premises have been sold prior to the expiration of such two hundred seventy (270) day period, an amount equal to the sale proceeds in excess of those required to pay: (i) all sums still owed to Mortgagee after paying Mortgagee (A) the liquidated damages from Tenant, (B) the amount in the Debt Service Reserve Fund, (C) the payment of the guaranteed amount by the Land Owner and (D) the payment of the Guaranteed amount by the Delaware River Port Authority ("DRPA"), (ii) the amount necessary to reimburse the DRPA any and all sums paid under its Guarantee and (iii) the amount necessary to reimburse the Land Owner any advances made to the Mortgagee prior to the date Tenant pays the liquidated damages amount in full, which do not have the effect of reducing the amount guaranteed by Landowner to Mortgagee; or

- (b) If the Demised Premises have not been sold prior to the expiration of such two hundred seventy (270) day period, an amount equal to appraised value of the Demised Premises (net of Landlord's costs of putting new tenant(s) under new lease(s) into possession, including, without limitation, all of Landlord's expenses referred to in Paragraph 16.2.5) in excess of the amount required to pay: (i) all sums still owed to Mortgagee after paying Mortgagee (A) the liquidated damages from Tenant, (B) the amount in the Debt Service Reserve Fund, (C) the payment of the guaranteed amount by the Land Owner and (D) the payment of the Guaranteed amount by the DRPA, (ii) the amount necessary to reimburse the DRPA any and all sums paid under its Guarantee and (iii) the amount necessary to reimburse the Land Owner any advances made to the Mortgagee prior to the date Tenant pays the liquidated damages amount in full, which do not have the effect of reducing the amount guaranteed by Landowner to Mortgagee
- (c) In either of the foregoing events, if in determining the amount due to Mortgagee (i) the "Debt Service Reserve Fund" maintained by the Mortgagor has not been liquidated, Landlord shall reimburse Tenant the sum equal to the undrawn balance, and/or (ii) the Mortgagee has not received payment in full under the Guaranty of the Land Owner, Landlord shall reimburse Tenant the sum equal to the amount unpaid under the Guaranty
- (d) Landlord shall make the payments to Tenant as provided herein regardless of whether Landlord has an obligation to mitigate Tenant's damages under the terms of this Lease or under law, and such payments shall be in full discharge of Landlord's obligation to mitigate Tenant's damages under this Lease or under law. In the event the Mortgagee assumes the role of the Landlord hereunder, the Mortgagee shall not have any legal obligation to make the mitigation payment to Tenant under the provisions of this Section 16.2.7.

16.2.8 Landlord may pursue any combination of such remedies and/or any other remedy available to the Landlord on account of such Events of Default under applicable law (it being understood that each right and remedy of Landlord provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise by Landlord of any one or more of the rights or remedies provided for in this Lease where now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise).

16.3 As used in the provisions of this Article, the words "re-enter" and "re-entry" shall not be deemed to be restricted to their technical legal meaning

16.4 Upon such expiration, termination or re-entry, as aforesaid, neither the Tenant nor its creditors and representatives shall thereafter have any right at law or in equity in or to any or

all of the Demised Premises or to repossess any of same, or in, to or under this Lease, and the Tenant hereby waives any and all rights of redemption which it may otherwise hold under any applicable law

16.5 No action taken by the Landlord under the provision of this Section shall operate as a waiver of any right which the Landlord would otherwise have against the Tenant for the Rent hereby reserved or otherwise, and Tenant shall remain responsible to Landlord for any loss and/or damage suffered by the Landlord by reason of any default or breach by the Tenant. Suit or suits for the recovery of damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained in this Lease shall be deemed to require Landlord to postpone suit until the date when the term of this Lease would have expired if it had not been so terminated under the provisions of this Article 16 or under any provision of law, or had Landlord not re-entered the Demised Premises. Nothing contained in this Lease shall be construed to limit or preclude recovery by Landlord against Tenant of any sums or damages to which Landlord may lawfully be entitled by reason of any default under this Lease or otherwise on the part of Tenant

16.6 Subject to the provisions of paragraph 16.2.7(d), notwithstanding any of the foregoing provisions of this Article 16, (i) Landlord shall use reasonable business efforts to mitigate Tenant's damages and (ii) in the event that Landlord repossesses and/or sublets less than the entire Demised Premises, Landlord and any such new tenant shall comply with any and all security regulations imposed by Tenant and/or any governmental agency with respect to any such use or occupancy. Any obligation to mitigate Tenant's damages shall, except as set forth in Section 16.2.5 and Section 16.2.7, terminate upon the commencement of foreclosure proceedings by Mortgagee against the Demised Premises.

16.7 If any party shall bring an action or proceeding (including, without limitation, any cross-complaint, counterclaim or third-party claim) against the other party by reason of the breach or alleged violation of any covenant, term or obligation under this Lease, or for the enforcement of any provision hereof, or to interpret any provision of this Lease, or otherwise arising out of this Lease, the prevailing party in such action or proceeding (which shall include, without limitation, a party who dismisses an action for recovery hereunder in exchange for payment of all or part of the sums allegedly due, performance of the covenants allegedly breached or consideration substantially equal to the relief sought in the action) shall be entitled to its costs and expenses of suit, including, but not limited to, reasonable attorney's fees (which shall include, without limitation, attorney's fees on any appeal and, in addition, a party entitled to attorney's fees shall be entitled to all other reasonable costs and expenses incurred in connection with such action), which shall be payable whether or not such action is prosecuted to judgment. If any party is required to initiate or defend an action or proceeding with a third-party (including, without limitation, any cross-complaint, counterclaim or third-party claim) because of the other party's breach of or failure to enforce this Lease, and such party is the prevailing party in such action or proceeding, then the party so initiating or defending such shall be entitled to reasonable attorney's fees from such other party.

17. **Landlord's and Tenant's Certificates.**

17.1 Tenant shall, without charge, at any time and from time to time within twenty (20) days after request and written submission to it by Landlord, certify by written instrument, duly executed, acknowledged and delivered to Landlord, or any other person, firm or corporation specified by Landlord:

—17.1.1 That this Lease is unmodified and in full force and effect, or, if there have been any modifications, that the same is in full force and effect as modified and stating the modifications,

17.1.2 Whether or not, to the best knowledge of Tenant, there are then existing any set-offs or defenses against the enforcement of any of the agreements, terms, covenants or conditions hereof and any modifications hereof upon the part of Tenant to be performed or complied with, and, if so, specifying the same;

17.1.3 The dates, if any, to which the Rent and other charges hereunder have been paid in advance,

17.1.4 The Expiration Date;

17.1.5 The Rent then payable under this Lease;

17.1.6 Whether or not, to the best knowledge of Tenant, there are any defaults by Landlord or Tenant in the performance of their obligations under this Lease; and

17.1.7 Such other information relating to this Lease as reasonably requested by the Landlord

17.2 If Tenant shall not have delivered the Certificate set forth in Section 17.1 within the time frame therein provided, Landlord shall have the power, as Tenant's attorney-in-fact, to deliver such Certificate, provided that Tenant shall have a period of fourteen (14) days from receipt of a copy thereof in which to provide a corrective Certificate to Landlord. If Tenant fails to deliver a corrective Certificate within the additional fourteen (14) day period, the Certificate furnished by Landlord shall be deemed final.

17.3 Landlord shall, without charge, at any time and from time to time, within fourteen (14) days after request by Tenant certify by written instrument, duly executed, acknowledged and delivered, stating (a) that this Lease is unmodified and in full force and effect (or if there shall have been modifications that the same is in full force and effect as modified and stating the modifications), (b) the dates to which the Rent and other charges have been paid, (c) the Expiration Date, (d) the Rent then payable under this Lease, (e) whether or not, to the best knowledge of Landlord, Landlord or Tenant is in default and performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which the person executing such certificate may have knowledge, and (f) such other information relating to this Lease as Tenant shall reasonably request

18. Quiet Enjoyment.

18.1 So long as Tenant is observing and performing all of the terms, covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant's quiet and peaceable enjoyment of the Demised Premises shall not be disturbed or interfered with by Landlord, the Ground Owner or Landlord's Mortgagee or any person claiming by, through or under Landlord, the Ground Owner or Landlord's Mortgagee.

19. Consent of Landlord.

19.1 Anything in this Lease to the contrary notwithstanding, in the event that (a) any act or omission of Tenant shall require the consent or approval of Landlord pursuant to this Lease, and (b) this Lease provides that Landlord shall not unreasonably withhold, delay or condition such consent or approval, and (c) Tenant shall claim that Landlord has unreasonably withheld, delayed or conditioned such consent or approval, then the sole recourse of Tenant upon the inability of the parties to agree shall be to bring an appropriate action in a court of competent jurisdiction against Landlord solely to issue a determination of whether the withholding or conditioning of such consent or approval by Landlord is "reasonable" or "unreasonable" or whether Landlord's consent was unreasonably or reasonably delayed, and Tenant shall not be entitled to any damages or other remedy other than specific performance for the issuance by Landlord of such consent or approval if such court of competent jurisdiction shall determine that such withholding of consent was unreasonable.

19.2 In any and all cases where Landlord's consent or approval is required under this Lease, Tenant shall, upon Landlord's demand, reimburse Landlord and Mortgagee, as Additional Rent, for all reasonable out of pocket expenses and costs, including, but not limited to, architectural, engineering and legal fees, which Landlord and/or Mortgagee reasonably incurs in determining whether to grant its consent or approval.

19.3 In any and all cases where Landlord's consent or approval is required under this Lease, Tenant hereby acknowledges that Landlord must also obtain the consent of Mortgagee to such action. In the event Mortgagee withholds its consent, Landlord shall not be required to grant its consent provided Mortgagee has applied the standard of conduct required to be applied by Landlord.

20. Surrender; Holding Over.

20.1 On the expiration or termination of the Term of this Lease, Tenant shall peaceably and quietly leave, surrender and deliver (free of occupants) to Landlord the Demised Premises, together with all Alterations which may have been made upon the Demised Premises (except to the extent that Landlord may under the terms of Article 7 require Tenant to remove such Alterations and restore the Demised Premises), in the condition which Tenant is required to maintain the Demised Premises pursuant to this Lease and otherwise in accordance with the terms of this Article 20. If Tenant fails to quit and surrender the Demised Premises upon the

expiration or termination of this Lease, such holding over shall be deemed as a tenancy from month-to-month, subject to all the terms, covenants and conditions of this Lease, except as to duration thereof, and in that event the Tenant shall pay as Base Rent the same amount payable during the last month for the first month of the hold over and thereafter the greater of 150% of the Base Rent then in effect or the monthly "Market Rent" as set forth in paragraph 38.1.1 hereof. Tenant's obligation to observe or perform this covenant shall survive the expiration or termination of this Lease. Notwithstanding the foregoing, prior to the expiration of the Lease for any reason whatsoever, Tenant shall, prior to the end of the Term, remove all of its furniture and personalty and Tenant promptly shall repair any damage caused by such removal. Tenant shall have no obligation to remove any Alterations to the Demised Premises except as provided in Article 7 hereof.

21. Mechanics' and Other Liens.

21.1 If any construction, mechanic's, laborer's or materialman's lien shall at any time be filed against the Demised Premises or any part thereof with respect to any work done, or labor or materials furnished, or caused to be furnished, by Tenant or anyone claiming through or under Tenant, or any judgment, attachment or levy is filed or recorded against the Demised Premises or any part thereof by anyone claiming through or under Tenant, Tenant, within thirty (30) days after notice of the filing thereof, shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Tenant is not contesting such lien as provided in Section 3.7 or shall fail to cause such lien, judgment, attachment or levy to be discharged within the period aforesaid, then, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same by payment, bonding proceedings, if permitted by law, or otherwise (and if not so permitted, by deposit in court). Any amount so paid by Landlord, including all costs and expenses paid by Landlord in connection therewith, together with interest thereon at the Default Rate from the respective dates of Landlord's so paying any such amount, cost or expense, shall constitute Additional Rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord on demand. Tenant will protect, indemnify and hold harmless Landlord from and against any and all claims, actions, damages, liability and expense (including reasonable attorney's fees) arising out of any construction, mechanic's, laborer's, or materialman's lien filed against the Property with respect to any work done, or labor or materials furnished, or caused to be furnished, by Tenant or anyone claiming through or under Tenant. The provisions of this Section 21.1 shall survive the expiration or earlier termination of this Lease.

21.2 Nothing contained in this Lease shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to or repair of the Demised Premises, or any part thereof, or as giving Tenant any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any construction or mechanic's liens against Landlord's interest in the Demised Premises. Notice is hereby given that Landlord shall not be liable for any labor or materials furnished or to be furnished to Tenant upon credit, and that no construction, mechanic's or other

lien for any such labor or materials shall attach to or affect the reversion or estate or interest of Landlord in and to the Property

22. Waiver of Trial by Jury.

22.1 THE PARTIES HERETO WAIVE A TRIAL BY JURY (TO THE EXTENT PERMITTED BY LAW) ON ANY AND ALL ISSUES ARISING IN ANY ACTION OR PROCEEDING BETWEEN THEM OR THEIR SUCCESSORS UNDER OR IN ANY WAY CONNECTED WITH THIS LEASE OR ANY OF ITS PROVISIONS, ANY NEGOTIATIONS IN CONNECTION THEREWITH, THE RELATIONSHIP OF LANDLORD AND TENANT, OR TENANT'S USE OR OCCUPATION OF THE DEMISED PREMISES, INCLUDING ANY CLAIM OF INJURY OR ANY EMERGENCY OR OTHER STATUTORY REMEDY WITH RESPECT THERETO THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS LEASE

23. Force Majeure.

23.1 Whenever the performance of any obligation of either party hereunder, except for the payment of money, shall be delayed, hindered or prevented due to Unavoidable Delays, the time for performance of such obligation, unless other provision is expressly made therefor in this Lease, shall be extended, subject to and limited by the following conditions:

23.1.1 The extension shall be for no longer a period than the delay actually so occasioned

23.1.2 The party delayed shall promptly notify the other party of the cessation of such unavoidable delay and of the extent of the delay which the party delayed claims was occasioned thereby;

23.1.3 No statement of fact contained in any such notice shall be binding on the party receiving such notice, and

23.1.4 In no event shall lack of funds be deemed a matter beyond either party's control.

24. Brokerage.

Tenant and Landlord represent and warrant to each other that no broker or finder was instrumental in arranging or bringing about this transaction and that there are no claims or rights for brokerage commissions or finders' fees in connection with the transactions contemplated hereby by any person or entity. If any person brings a claim for a commission or finder's fee based upon any contact, dealings or communication with Landlord or Tenant, then the party through whom such person makes its claim shall defend the other party (the "Indemnified Party") from such claim, and shall indemnify the Indemnified Party and hold the Indemnified Party harmless from any and all costs, damages, claims, liabilities or expenses (including without limitation, reasonable attorneys' fees and disbursements) incurred by the Indemnified Party in

defending against the claim; provided that neither the Authority nor Mortgagee shall be obligated to provide indemnification hereunder. The provisions of the foregoing representation and indemnity shall survive the expiration or termination of this Lease.

25. **Invalidity of Particular Provisions.** If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it has held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law. Notwithstanding anything to the contrary in this Article 25, Landlord may pursue the relief or remedy sought in any invalid clause in this Lease, by conforming the said clause with the provisions of the statutes or the regulations of any governmental agency in such case made and provided, as if the particular provisions of the applicable statutes or regulations were set forth herein at length.

26. **Notices.** Any notice, election, demand, request, direction or other document or communication (each, a "Notice") required or permitted to be given under this Lease shall be in writing and shall be deemed sufficiently given only if (a) sent by certified or registered mail, postage prepaid, return receipt requested, or (b) other reputable overnight mail or delivery service or (c) telecopier (provided a copy of the Notice is also simultaneously sent as provided in clauses (a) or (b)) to Landlord or to Tenant, as the case may be, at the address set forth below:

(a) If to Landlord

Camden Center Urban Renewal Limited Partnership
c/o Aegis Camden Partners, Inc
28 West State Street, Suite 1414
Trenton, New Jersey 08608
Attn: James A. Kinzig, Managing Partner

with a required copy to

Fleet National Bank
750 Walnut Avenue, 1st Floor
Cranford, New Jersey 07106
Attn: Russ Lopinto

With a required copy to:
New Jersey Economic Development Authority
24 West State Street
Trenton, New Jersey 08625
Attn: Michael Francois

(b) If to Tenant.

L-3 Communications Corporation
600 Third Avenue
New York, New York 10016
Attn: Senior Vice President and Counsel - - -

with a required copy to:
L-3 Communications Corporation
One Federal Street
Building A&E - 1C
Camden, New Jersey 08103
Attn: Vice President Human Resources

with an additional required copy to
Leonard S. Levine, Esq
12 Orchard Hill Road RR6
Katonah, New York 10536

Payments of Basic Rent due under this Lease shall be transmitted by Federal funds wire transfer to the following:

(TO BE SUPPLIED BY LESSOR)

Other payments due to Landlord under this Lease shall be made at the following address:

Camden Center Urban Renewal Limited Partnership
c/o Aegis Camden Partners, Inc
28 West State Street, Suite 1414
Trenton, New Jersey 08608

Any Notices by a party signed by counsel to such party shall be deemed a notice signed by such party. Notice shall be deemed given on the date of delivery or the date delivery is refused. Any party may change its address for Notices, and Landlord may change its address for payments, by providing to the other party written notice in the manner required by this Section 26.1

27. Applicable Law.

27.1 This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with the internal laws of the State of New Jersey applicable to contracts made and to be performed in the State of New Jersey without regard to principles of conflicts of law

28. No Oral Modification.

28.1 All prior understandings and agreements between the parties are merged within this Lease, which alone fully and completely sets forth the understanding of the parties; and this Lease may not be changed or terminated orally or in any manner other than by an agreement in writing and signed by the party against whom an enforcement of the change or termination is sought.

29. Bind and Inure.

29.1 The covenants and agreements herein contained shall bind and inure to the benefit of Landlord, its successors and assigns, and Tenant, its successors and permitted assigns

30. Captions and Table of Contents.

30.1 The captions of this Lease are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease

30.2 The table of contents preceding this Lease but under the same cover is for the purpose of convenience and reference only and is not deemed or construed in any way as part of this Lease, nor as supplemental thereto or amendatory thereof

31. Effect Of Conveyance; Limits Of Liability Of Landlord; Definition of the "Landlord".

31.1 The term "Landlord" as used in this Lease shall mean and include only the owner or owners at the time in question of the leasehold estate created under the Ground Lease in the Demised Premises, so that in the event of any transfer or transfers (by operation of law or otherwise) of the title to such leasehold estate, Landlord herein named (and in case of any subsequent transfers or conveyances, the then transferor) shall be and hereby is automatically freed and relieved, from and after the date of such transfer or conveyance, of all liability in respect of the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed, provided that the transferee shall be deemed to have assumed and agreed to perform, subject to the limitations of this Article 31 (and without further agreement between or among the parties or their successors in interest, and/or the transferee) and only during and in respect of the transferee's period of ownership, all of the terms, covenants and conditions in this Lease contained on the part of Landlord thereafter to be performed, which terms, covenants and conditions shall be deemed to "run with the land," it being intended hereby that the terms, covenants and conditions contained in this Lease on the part of Landlord shall,

subject as aforesaid, be binding on Landlord, its successors and assigns, only during and in respect of their respective successive periods of ownership. Notwithstanding the foregoing, any transferee shall be liable for any continuing default on the part of Landlord in the performance of Landlord's obligations hereunder and any other default specified in any Estoppel Certificate delivered to such transferee by Tenant, provided Mortgagee, its purchasers and assigns shall be liable only to the extent set forth in the Subordination, Non-Disturbance and Attornment Agreement and the Land Owner shall not be obligated to indemnify Tenant for any past or future Landlord Defaults. —

31.2 No partner, member, principal, employee or agent of Landlord shall be liable, directly or indirectly, for the performance of Landlord's obligations under this Lease. Except as set forth in the EDA Agreement, Landlord's liability hereunder shall be limited to Landlord's interest in the Demised Premises, including, without limitation, Landlord's interest in all receipts, rents, sale, insurance and other proceeds therefrom or related thereto (except Base Rent), and Tenant shall have no recourse to any other assets of Landlord for the satisfaction of Tenant's remedies for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default by Landlord hereunder, and no other property or assets of Landlord shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease.

31.3 Notwithstanding the foregoing, in the event Landlord transfers its leasehold estate to the Land Owner, for the purposes of this Lease, the leasehold estate shall be deemed to continue to exist and any leasehold mortgage shall continue to attach to the leasehold estate created by the Ground Lease and not attach to Land Owner's fee interest in the land.

32. Waivers And Surrenders To Be In Writing.

The receipt, acceptance and/or deposit (including the endorsement of any check) of full or partial rent by Landlord with knowledge of any breach of this Lease by Tenant or of any default on the part of Tenant in the observance or performance of any of the provisions or covenants of this Lease shall not be deemed to be a waiver of any such provision, covenant or breach of this Lease. No waiver or modification by either party, unless specific and in writing and signed by such party, shall discharge or invalidate any provision or covenant or affect the right of such party to enforce the same in the event of any subsequent breach or default. The failure on the part of such party to insist in any one or more instances upon the strict performance of any of the provisions or covenants of this Lease, or to enforce any covenant or provision herein contained consequent upon a breach of any provision of this Lease shall not affect or alter this Lease or be construed as a waiver or relinquishment for the future of such one or more provisions or covenants or of the right to insist upon strict performance or to exercise such right, remedy or election, but the same shall continue and remain in full force and effect with respect to any then existing or subsequent breach, act or omission whether of a similar nature or otherwise. The receipt, acceptance and/or deposit (including the endorsement of any check) by Landlord of a sum of money or any other consideration hereunder paid by Tenant after the termination, in any manner, of the Term, or after the giving by Landlord of a termination notice, shall not reinstate, continue or extend the Term, or destroy, or in any manner impair the efficacy of any such termination notice as may have been given hereunder by Landlord to Tenant prior to the

receipt, acceptance and/or deposit (including the endorsement of any check) of any such payment, or other sum of money or other consideration, unless so agreed to in writing and signed by Landlord. Neither acceptance of the keys nor any other act or thing done by Landlord or any agent or employee shall be deemed to be an acceptance of a surrender of the Demised Premises, or any part thereof, excepting only an agreement in writing signed by Landlord. No payment by either party or receipt, acceptance and/or deposit (including the endorsement of any check) by the other party of a lesser amount than the correct payment shall be deemed to be other than a payment on account; nor shall any endorsement or statement on any check be deemed to effect or evidence an accord and satisfaction, and the receiving party may accept such check or payment without prejudice to such party's right to recover the balance or pursue any other remedy in this Lease provided.

33. Counterparts.

This Lease may be executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument

34. Survival.

All obligations of Tenant and Landlord which shall not have been performed prior to the end of the Term or which by their nature involve performance, in any particular, after the end of the Term, or which cannot be ascertained to have been fully performed until after the end of the Term, shall survive the expiration or termination of the Term

35. Memorandum.

Neither this Lease nor a memorandum thereof, shall be recorded by Tenant without the prior written consent of Landlord.

36. Drafting.

This Lease has been submitted to the scrutiny of all parties hereto and their counsel, if desired, and shall be given a fair and reasonable interpretation in accordance with the words hereof, without consideration or weight being given to its having been drafted by any party hereto or its counsel

37. Option to Purchase.

Landlord hereby grants to Tenant the sole and exclusive right to purchase Landlord's leasehold estate in one or both parcels of Land and all of its right, title and interest in and to all equipment, fixtures and improvements located thereon, including the Building or Buildings located thereon (all such property being herein called "Landlord's Property"), either at the end of the Basic Term or at the end of any Extended Term, provided that such option shall terminate upon commencement of foreclosure proceedings by Mortgagee of its mortgage upon the Demised Premises. Any such exercise of Tenant's option as aforesaid shall be upon and subject to the following terms and conditions.

(a) In the event that Tenant desires to exercise said option, it shall give Landlord written notice of its interest in so doing at least sixteen (16) months prior to the expiration of the then existing Term, and in such an event Landlord and Tenant agree to negotiate in good faith to reach agreement on the purchase price of Landlord's Property. Such notice shall identify which Building(s) Tenant intends to purchase.

(b) If within thirty (30) days following Tenant's written notice to Landlord of its interest in exercising its option to purchase Landlord's Property Landlord and Tenant are unable to agree on the purchase price as provided in (a) above, the purchase price shall be the fair market value of Landlord's Property as determined by appraisal in accordance with the provisions following, but not less than either (X) Forty Million Dollars (\$40,000,000) for the Administration Building and Sixteen Million Dollars (\$16,000,000) for the Manufacturing Building, which is hereinafter called "Landlord's Cost", or (Y) the sum of (i) the principal balances remaining unpaid on all private sector and public sector debt, (ii) accrued interest (if any) on the private sector and the public sector debt (such accruals, however, to be for reasons other than a default or a misapplication of funds), and (iii) accrued and unpaid cumulative 17.75% per annum preferred return on Landlord's equity (Landlord's Debt"), whichever is greater. Within twenty (20) days following expiration of the thirty-day period allowed for the parties to reach agreement as aforesaid, Landlord shall submit a certified statement to Tenant setting forth the details and amounts of Landlord's Cost and of Landlord's Debt as of the date of purchase. Tenant shall have the right to audit the books and records of Landlord to verify such amounts. Also within said twenty-day period Landlord and Tenant shall each appoint one appraiser, and such two (2) appraisers shall submit their written appraisal reports as to the fair market value of Landlord's Property to both Landlord and Tenant within thirty (30) days of their appointment. If the two (2) appraisals are ten percent (10%) or less apart, the purchase price shall be the average of such two (2) appraisals. If, however, those two (2) appraisals are more than ten percent (10%) apart, these two appraisers shall jointly appoint a third appraiser within twenty (20) days thereafter. If the first two appraisers are unable to agree on a third within the time allowed, they shall in lieu thereof each promptly select the names of two willing qualified parties, and from the four parties so named one shall be drawn by lot, and the party whose name is so drawn shall be the third appraiser. The third appraiser shall then submit his appraisal to Landlord and Tenant within thirty (30) days following his appointment. In the event that the third appraisal shall be greater than the average of the first two (2) appraisals, the purchase price (if based on the appraisal method) shall be the average of the two (2) highest appraisals. In the event that the third appraisal shall be lower than the average of the first two (2) appraisals, the purchase price (if based on the appraisal method) shall be the average of the two (2) lowest appraisals. It is expressly agreed that in every instance Landlord's Property shall be appraised as not being subject to this Lease, as if there were no Ground Lease and Landlord had fee title to the Land, and as if Tenant's property, all leasehold improvements on or a part of Landlord's Property which have been either installed or paid for by Tenant or installed or paid for by Landlord as Tenant Fitout under the Original Leases are not a part of Landlord's Property. If either party refuses or neglects to appoint an appraiser as aforesaid, or should the appraiser appointed by either party refuse or neglect to appoint the third appraiser as aforesaid, then the decision of the appraiser appointed by the party not refusing to make the appointment shall govern. Each such appraisal shall be in accordance with the American Institute of Real Estate Appraisers (MAI) standards.

utilizing the market income and cost approaches in determining fair market value. Each such appraiser shall be an MAI, unrelated to either of the parties and shall have at least five (5) years experience in appraising comparable properties in the Camden, New Jersey area. Landlord and Tenant shall each pay the cost of their respective appraiser. The cost and expense of the third appraiser shall be paid and shared equally by Landlord and Tenant.

(c) In the event that a purchase price for Landlord's Property is arrived at either through negotiation as provided in (a) above or through the appraisal process as provided in (b) above (with the floor of Landlord's Cost or Landlord's Debt as therein provided), Tenant may then, at its election, exercise its right and option to purchase Landlord's Property at the purchase price so determined, by giving Landlord written notice thereof within three (3) months following the date on which the purchase price is so determined as aforesaid.

(d) Within thirty (30) days following receipt by Landlord of Tenant's written notice provided for in (c) above, Landlord will furnish to Tenant copies of such surveys and documents relating to Landlord's Property which are in Landlord's possession (or that of its agents, attorneys or contractors) and which give some indication of the condition of Landlord's Property and of the status of title thereto (including but not limited to deeds, leases, mortgages, notes, abstracts of title, attorney's opinions, title insurance policies, surveys, engineering and environmental reports). Tenant shall obtain a current survey and a title insurance binder or commitment, and if said survey or title binder or commitment shall disclose any objections to Landlord's title which is not a Permitted Encumbrance, Landlord shall, within a reasonable time thereafter, furnish evidence satisfactory to Tenant that such objections have been or will be removed prior to the date of conveyance. Within a reasonable time thereafter, Landlord shall convey to Tenant good merchantable leasehold title in the Land and good merchantable title to all of Landlord's right, title and interest in the Buildings and other improvements on the Land and all of Landlord's equipment and fixtures thereon by good and sufficient Assignment of Lease and Bill of Sale (and quitclaim deed if appropriate), with release of dower, homestead, courtesy and other rights of the respective spouses, if any, and free from all liens, encumbrances, restrictions, easements (except normal utility easements), reservations and the like except as may be expressly set forth in Exhibit B attached hereto. Landlord shall furnish to Tenant such instruments and documents as Tenant's counsel shall reasonably require in connection with said purchase, including such as would eliminate any title exceptions in the title insurance policy respecting rights of parties in possession of the Demised Premises or claims of laborers or materialmen for labor, services or materials performed or delivered to Landlord's Property. It is agreed that if there are any defects in title to Landlord's Property at closing which consist of encumbrances or liens for an ascertainable amount which Landlord is responsible to discharge, said amount may be deducted from the purchase price. If the purchase price is arrived at through negotiation as provided in (a) above, said negotiation shall also determine who pays for Tenant's survey, title examination and policy, and conveyance fees and taxes. If the purchase price is Landlord's Cost or Landlord's Debt, Tenant shall pay for its survey, title examination and policy and conveyance fees and taxes. If the purchase price is fair market value as determined by appraisal, custom in the Camden, New Jersey area shall determine who pays for Tenant's survey, title examination and policy and conveyance fees and taxes. Upon the completion of such purchase, any and all representations and warranties by Landlord and this Lease and all

obligations hereunder shall terminate, except for obligations and liabilities of Landlord or Tenant, actual or contingent, arising on or prior to the date of such purchase.

(e) In the event that Tenant exercises its option to purchase Landlord's Property and either party fails to close the purchase in accordance with the provisions hereof, the defaulting party shall be liable to the other party for all actual damages sustained by the non-defaulting party by reason thereof. In addition, either party shall have the right to seek specific performance of the obligations of the other party hereunder.

Notwithstanding the foregoing, however, or anything else to the contrary in this Article 37 contained, Tenant's obligation to close the purchase and to pay the purchase price therefor is expressly contingent upon the Land Owner conveying marketable fee title to the Land to Tenant at closing

38. Renewal Option.

38.1.1 Provided Tenant has paid its rent in full and has not materially defaulted on any of the terms and conditions of this Lease beyond any applicable grace period, Tenant shall have the option to renew this lease for not more than one (1) successive five (5) year term (the "Renewal Term"), said renewal to be for one or both Buildings. Except for the amount of Base Rent, all other terms and conditions of this Lease shall remain in full force and effect during the Renewal Term. Base Rent for the Renewal Term shall be a sum equal to the fair market rental ("Market Rent") of the Demised Premises at the time of the commencement of the Extended Term as determined either by agreement between Landlord and Tenant or by appraisal as hereinafter described. It is expressly agreed that for purposes of this Paragraph 38, the Market Rent of the Demised Premises shall be determined and arrived at by treating Landlord as the Land Owner and excluding from consideration all leasehold improvements on or a part of Landlord's Property which have been either installed or paid for by Tenant or installed or paid for by Landlord as Tenant Fitout under the Original Leases

38.1.2 In the event that Tenant desires to exercise such option, it shall give Landlord written notice of its interest in so doing at least sixteen (16) months prior to the expiration of the existing Term, and in such an event Landlord and Tenant agree to negotiate in good faith to reach agreement on the Market Rent of the Demised Premises for such Extended Term. Such notice shall identify the Building(s) for which Tenant intends to renew this Lease.

38.1.3 If within thirty (30) days of Tenant giving Landlord written notice of its interest in exercising its option to extend this Lease Landlord and Tenant are unable to agree on the Market Rent of the Demised Premises for such Extended Term, then each shall immediately order an independent MAI appraisal to be completed within the following thirty (30) days. Said appraisal shall provide for Market Rent based on the market approach and excluding cost of replacement, cost of money, capitalization rates and those exclusions to Market Rent of the Demised Premises which are set out in paragraph 38.1.1 hereof. The Market Rent shall include a consideration of the then prevailing market rent for new leases of comparable space upon comparable terms and conditions for comparable periods of time in manufacturing, warehouse and office buildings of the same age and quality in the greater Camden, New Jersey area. If the two (2) appraisals are

ten percent (10) or less apart, the Market Rent shall be the average of the two (2). Should they be more than ten percent (10%) apart, the appraisers shall choose a third independent MAI, the cost of which to be borne equally by Landlord and Tenant. Such third appraisal must be completed within the following thirty (30) days. In the event the third appraisal shall be greater than the average of the first two (2) appraisals, then the Market Rent shall be the average of the two (2) highest appraisals. In the event the third appraisal shall be lower than the average of the first two (2) appraisals, then the Market Rent shall be the average of the two (2) lowest appraisals. Each such appraiser shall be unrelated to either of the parties and shall have at least five (5) years' experience in appraising comparable properties in the Camden, New Jersey area.

38.1.4 Once the Market Rent of the Demised Premises is determined, either through negotiations as provided in paragraph 38.1.1 above or through the appraisal process as provided in paragraph 38.1.3 above, Tenant shall then have thirty (30) days from the date on which the Market Rent is so determined to exercise its right and option to extend the Term of this Lease by giving Landlord written notice thereof during said thirty-day period. If Tenant so exercises its option to extend as aforesaid, the Term of this Lease shall be automatically extended for five (5) years on the same terms and conditions as in this Lease now contained except that the Base Rent during said Extended Term shall be the Market Rent of the Demised Premises as so determined.

39. Reimbursement of Landlord.

If the Tenant fails or refuses to comply with and perform any conditions and covenants of the within Lease within thirty (30) days (or in an emergency a shorter reasonable period of time) after receipt of notice from Landlord specifying such failure, the Landlord may, if the Landlord so elects, carry out and perform such conditions and covenants, at the cost and expense of the Tenant, and the said cost and expense shall be payable on demand, or at the option of the Landlord shall be added to the installment of rent due immediately thereafter but in no case later than one month after such demand, whichever occurs sooner, and shall be due and payable as such. This remedy shall be in addition to such other remedies as the Landlord may have hereunder by reason of the breach by the Tenant of any of the covenants and conditions in this Lease contained.

40. Relation to Parties

40.1 Nothing in this Lease shall be construed to make the parties hereto partner or joint venturers or to render either party hereto liable for any obligation of the other.

40.2 The Landlord and the Tenant acknowledge and agree that solely for purposes of property law and the Bankruptcy Code (i) this Lease shall not constitute a "true lease" but shall instead constitute a financing and shall not be deemed an "executory contract" or "unexpired lease" under Section 365 of the Bankruptcy Code or any similar provisions of the Bankruptcy Code, (ii) in the event that the Tenant shall seek relief under the Bankruptcy Code, neither it nor the Landlord shall seek to have the Lease classified as a "true lease" nor shall either raise an objection to or seek to limit the claim of Landlord under Section 502(b)(6) of the Bankruptcy Code or any similar provision of the Bankruptcy Code, (iii) the obligations of the Tenant to the Landlord under this Lease are obligations of the Tenant ranking pari passu as to debt priority with the Tenant's

obligations to its other senior lenders, (iv) this Lease shall be treated as a mortgage and security agreement, encumbering the Demised Premises, that Tenant, as grantor, hereby grants to Landlord, as mortgagee or beneficiary and secured party, or any successor thereto, a first and paramount lien on the Demised Premises, (v) that Landlord shall have, as a result of such determination, all of the rights, powers and remedies of a mortgagee available under the law of the State of New Jersey to take possession of and sell (whether by foreclosure or otherwise) the Demised Premises, (vi) that the effective date of such mortgage shall be the effective date of this Lease, (vii) that the recording of this Lease or a Memorandum of Lease in the form set forth in Exhibit 43 shall be deemed to be the recording of such mortgage, and (viii) that the obligations secured by such mortgage shall include the Base Rent and Additional Rent and all other obligations of and amounts due from Tenant hereunder. The Tenant shall not enter into any other financings, leases, or other similar arrangements pursuant to which the Tenant's obligations thereunder shall be senior as to debt priority to its obligations to the Landlord under this Lease.

40.3 The Landlord and Tenant acknowledge and agree that for all purposes other than property and bankruptcy law purposes (including, but not limited to, for purposes of applicable federal, state and local tax laws), this Lease shall be deemed to be a "true lease" with Tenant as the lessee of the Demised Premises and the Landlord and the Tenant agree not to take any action or position, or make any filing, inconsistent with such treatment, including, but not limited to, on or with respect to their federal, state and local tax returns or any other filing.

40.4 The Tenant acknowledges that the Landlord is relying on the provisions of Section 40.2 and that if the Tenant violates any provision of or threatens to violate any provision of this Section it will cause the Landlord irreparable harm and agrees that the Landlord may pursue both injunctive relief and any and all other remedies available at law or in equity for such violation or threatened violation, including the recovery of damages and reasonable attorneys' fees and costs.

40.5 Landlord acknowledges that the Tenant is relying on the provisions of Section 40.3 and that if the Landlord violates any provision of or threatens to violate any provision of such Section it will cause the Tenant irreparable harm and agrees that the Tenant may pursue both injunctive relief and any and all other remedies available at law or in equity for such violation or threatened violation, including the recovery of damages and reasonable attorneys' fees and costs.

41. Recapture

Landlord, with the consent of Mortgagee which may require, among other things, Tenant to waive its rights under clause (e) as a condition for such consent, shall have the right to recapture that portion of the Land which is shown cross hatched on EXHIBIT "41" hereto attached and which is utilized for parking and thereby exclude that portion of the Land from the Demised Premises and from this Lease, upon and subject to the following terms and conditions.

(a) Landlord shall give Tenant at least twelve (12) months prior written notice of any such recapture, specifying therein the date upon which such recapture shall occur.

(b) Landlord must all times furnish to Tenant, at no additional cost, adequate substitute (the same number of parking spaces as Tenant had prior to the recapture) parking

within five hundred feet (500') of the Building (or further distance if Tenant shall so agree), provided that upon the failure of Landlord to furnish such parking spaces, Tenant shall not have the right to terminate this Lease or reduce its payment of Rent.

(c) Any parking garage which Landlord might wish to construct on the recapture portion of the Land ("Recapture Land") must have the prior written approval of Tenant, which approval shall not be unreasonably withheld, delayed or conditioned

(d) Tenant shall have the right to approve or disapprove (however Tenant may not unreasonably disapprove) the following.

(i) the type of any building which might be constructed on the Recapture Land, and

(ii) the type of occupant or user of the Recapture Land (Tenant may disapprove if such user or occupant is a competitor of Tenant's or a security concern to Tenant), and

(iii) the use to be made of the Recapture Land, it being understood that the generic use thereof will be commercial office

(e) Said right shall be null and void if Tenant shall exercise its option to purchase Landlord's Property pursuant to the provisions of Section 37 hereof, which purchase option thereby granted to Tenant may be accelerated and exercisable earlier than now provided for in Article 37 in the event that Landlord shall exercise its recapture right as herein provided; provided, however, that if Tenant fails to close the purchase of Landlord's Property (other than on account of either Landlord's default or the failure of the Land Owner to convey marketable fee title to the Land), such right shall be reinstated pro tanto and this Lease shall terminate as to the Recapture Land on the date specified in Landlord's notice.

42. Financing Contingency.

Landlord's obligations under this Lease are expressly conditioned upon Landlord's ability to obtain and close under financing commitments for public sector loans aggregating an amount not to exceed \$28,000,000 and a \$10,000,000 guaranty to Mortgagee from the Delaware River Port Authority upon terms and conditions as shall be satisfactory to Landlord in its sole discretion. In the event Landlord is unable to obtain commitments for, and close under, such financings within ninety (90) days from the date of this Lease, Landlord shall have the right and option to terminate this Lease by giving written notice thereof to Tenant and Land Owner within ninety (90) days from the date of this Lease, whereupon this Lease shall terminate and neither Landlord nor Tenant shall have any further liability hereunder. Failure of Landlord to give to Tenant such termination notice within ninety (90) days of the date of this Lease shall be deemed to be a waiver and release of this financing contingency.

Tenant's obligations under this Lease are expressly conditioned upon Tenant's ability to obtain and close under a commitment for a payment to Tenant of \$1,200,000 from the Delaware River Port Authority upon terms and conditions as shall be satisfactory to Tenant in its sole

discretion. In the event Tenant is unable to obtain commitments for, and close under, such financing or to enter into the EDA Agreement within ninety (90) days from the date of this Lease, Tenant shall have the right and option to terminate this Lease by giving written notice thereof to Landlord and Land Owner within ninety (90) days from the date of this Lease, whereupon this Lease shall terminate and neither Landlord nor Tenant shall have any further liability hereunder. Failure of Tenant to give to Landlord such termination notice within ninety (90) days of the date of this Lease shall be deemed to be a waiver and release of this financing contingency. In the event this Lease is cancelled pursuant to this Section 42, the term of the Original Lease shall be extended by eighteen (18) months, subject to the rights of the mortgagees on the Demised Premises

Landlord and Tenant specifically agree that, in the event of the termination of this Lease pursuant to this Article 42, neither party shall have any claim against or liability to the other on account of costs incurred by either of them in connection with the negotiation or execution of this Lease, and/or the financing of the Demised Premises and/or the need for Tenant to vacate the Demised Premises. Upon the request of either party, Landlord and Tenant shall execute mutual cross-releases in the event of the termination of this Lease pursuant to the provisions of this Article 42

43. Recording.

Upon the execution of this Lease, Landlord and Tenant shall execute, acknowledge and deliver a Memorandum of this Lease in the form attached hereto as EXHIBIT "43" Upon the execution and acknowledgement of such Memorandum of Lease by Landlord and Tenant, Landlord shall cause the same to be recorded in the Land Records for Camden County, New Jersey at Landlord's cost and expense

44. Financial Reports.


Tenant agrees to furnish Landlord during the lease term with the following financial reports, within ten (10) Business Days of their release by the S.E.C.: (1) copies of Tenant's annual report on Form 10-K filed with the SEC or if the Tenant is no longer a public reporting company consolidating and audited consolidated financial statements certified by a recognized firm of certified public accountants, within one hundred (100) days after the close of the applicable fiscal year of Tenant and, (2) within ten (10) days of their release by the S.E.C. copies of Tenant's quarterly reports on Form 10-Q filed with the SEC or if the Tenant is no longer a public reporting company unaudited consolidated financial statements (with comparisons to prior periods) for such fiscal quarter certified by an Authorized Officer of Tenant. For purposes of this Lease, Tenant shall be deemed to be a public reporting company if it is in fact a public reporting company or so long as its parent corporation L-3 Communications Holdings, Inc. is a public reporting company and includes audited financial statements of Tenant in its public filings. Tenant's failure to provide the foregoing reports shall not constitute an Event of Default hereunder until after ten (10) days written notice of such failure shall have been given to Tenant.

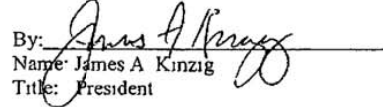
IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed as of the day and year first above written.

LANDLORD:

WITNESS:

CAMDEN CENTER URBAN
RENEWAL LIMITED PARTNERSHIP
By Aegis Camden Partners, Inc.

By: 
Name: ROBERT J. RITTENBURG
Title: SECRETARY

By: 
Name: James A. Kinzig
Title: President

TENANT:

ATTEST

L-3 COMMUNICATIONS
CORPORATION

By: _____
Name: _____
Title: _____

By: _____
Name: Christopher C. Cambria
Title: Senior Vice President, Secretary &
General Counsel

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed as of the day and year first above written.

LANDLORD:

WITNESS

CAMDEN CENTER URBAN
RENEWAL LIMITED PARTNERSHIP
By: Aegis Camden Partners, Inc

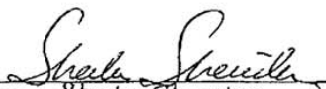
By _____
Name _____
Title _____

By _____
Name James A. Kinzig
Title President

TENANT:

ATTEST

L-3 COMMUNICATIONS
CORPORATION

By 
Name: Sheila Sheridan
Title: Director of Administration

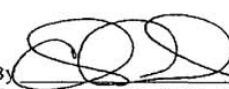
By 
Name: Christopher C. Cambria
Title: Senior Vice President, Secretary &
General Counsel

EXHIBIT A

THE DEMISED PREMISES

ALL that certain tract or parcel of land and premises, situate, lying and being in the City of Camden, in the County of Camden, and State of New Jersey, more particularly described as follows

BEGINNING at a drill hole at the corner of the southerly line of Market Street (80 feet wide) and the easterly line of Delaware Avenue (70 feet wide) said point having a N J State Plane Coordinate of N 405,897.62, E 1,870,490.11, and extending thence;

- (1) South 75 degrees 31 minutes 13 seconds East 477.02 feet to a point, thence
- (2) South 75 degrees 21 minutes 44 seconds East 401.39 feet to a point, thence
- (3) South 75 degrees 49 minutes 15 seconds East 310.95 feet to a point, thence
- (4) South 13 degrees 09 minutes 52 seconds West 30.00 feet to a point, thence
- (5) South 75 degrees 49 minutes 15 seconds East a distance of 40.00 feet to a point, thence
- (6) South 13 degrees 09 minutes 52 seconds West along the westerly line of Third Street (80 feet wide) a distance of 611.44 feet to a drill hole; thence
- (7) North 84 degrees 58 minutes 28 seconds West along the northerly line of Federal Street (66 feet wide) a distance of 1230.20 feet to a point, thence
- (8) North 04 degrees 58 minutes 12 seconds East along the easterly line of Delaware Avenue (70 feet wide) a distance of 185.11 feet to a point, thence
- (9) North 14 degrees 28 minutes 47 seconds East along same, a distance of 660.05 feet to the point and place of BEGINNING

TOGETHER WITH any and all rights of the Grantor to all vacated roadbeds lying within the above-described area.

The above description is in accordance with a survey drawn by Pennoni Associates (Glenn O. McAllister, P.L.S.) dated July 12, 1992.

FOR INFORMATION ONLY:

Being known as Block 73, Lots 24, 37, 39, 45, 50, 52, 54, 56, 61, 69, 71 and 75; Block 76, Lots 1, 4, 5, 11, 12, 13, 14, 15, 17, 19, 23, 25, 29, 38, 44 and 57; Block 142, Lot 1; Block 143, Lot 1; Block 144, Lots, 1, 2, 8, 10, 21, 29, 30, 33, 34 and 35 on the Official Tax Map of the City of Camden in the County of Camden and State of New Jersey

EXHIBIT "B"
PERMITTED ENCUMBRANCES

- 1) Grant to Public Service Electric & Gas Company ("PSE&G") in Deed Book 3191, Page 354.
- 2) Grant to PSE&G in Deed Book 3507, Page 216.
- 3) Conditions in Deed Book 3611, Page 374.
- 4) Agreements, terms, conditions and covenants in Deed Book 3721, Page 689.
- 5) Agreement in Deed Book 3714, Page 94, as amended by Deed Book 3716, Page 453.
- 6) Restrictions in Deed Book 2734, Page 43.
- 7) Deed Book 2821, Page 381.
- 8) Terms and Conditions of Vacation Ordinances in Book 8, Page 299; Book 9, Page 371; Book 10, Page 131; Book 10, Page 138; Book 10, Page 281; Book 10, Page 699; and Book 11, Page 119.
- 9) Restrictions in Deed Book 4489, Page 0700.
- 10) Rights now existing or hereafter created of public or private utility companies relating to water, gas, sewer, electric, telephone and other utility lines, wires, poles, pipes, conduits and other equipment of any kind whatever and the maintenance thereof; provided, however, that any such rights hereafter created shall not interfere with the use and occupancy of the Premises.
- 11) The reservation of easements and rights by the Land Owner for ingress and egress to, from and across the Land to the parcel which may be recaptured by the Land Owner pursuant to the terms of the Ground Lease (the "Recapture Land"), and to construct, maintain, operate, repair, renew and remove water, gas, sewer, electric, telephone and other utility lines, wires, poles, pipes, conduits and other similar equipment of any kind, over, under and across the Land for the benefit of the Recapture Land as provided in the Ground Lease; provided, however, that any such easements and rights shall not interfere with the use and occupancy of the Premises.
- 12) The Ground Lease with the Land Owner and all rights reserved to the Land Owner thereunder (in the same or substantially same form as reflected in MRGA&F Draft of 09/03/91 (Tuesday) prepared by Jeffrey Hirsch, Esq.).
- 13) After the execution of this Lease, "Permitted Encumbrances" shall also include any liens, encumbrances, easements or

other title objections which (a) have been consented to by Tenant, or (b) the discharge of which Tenant is responsible for under this Lease, or (c) which do not interfere with the use and occupancy of the Premises by Tenant. Notwithstanding the foregoing, all mortgages and other financing liens created or suffered to be created by Landlord shall be satisfied and released from the Premises by Landlord upon any purchase of Landlord's Property pursuant to the terms of the Lease.

EXHIBIT L

ENVIRONMENTAL REPORTS/CORRESPONDENCE

July 12, 1991	Letter to Michael Francois, NJEDA from Donald J Kern, GE Aerospace.
June 14, 1991	Two letters to Donald J Kern, GE Aerospace from David M DeClement, NJDEP
June 11, 1991	Letter to Thomas P Catapano, NJEDA from Osman M. Aly, Campbell Soup Company with attached letter from David Sweeney, NJEDA to Osman M. Aly, CSC.
May 23, 1991	Report on Additional Remediation Investigation prepared for Campbell Soup Company, by Langan Environmental Services, Inc., with cover memorandum by Mike Collins (complete report)
January, 1990	Project Engineering Report-Environmental Liability Assessment, prepared for Campbell Soup Company, February 2, 1990 cover memorandum from R J Zimmerman to Osman M. Aly
December 18, 1990	Supplementary Sampling Report, prepared for Campbell Soup Company, by Langan Environmental Services, Inc (conclusions only)
October 1, 1990	Discharge Investigation and Corrective Action Report, prepared for Campbell Soup Company, by Langan Environmental Services, Inc (summary and conclusions only)
October 1, 1990	Exterior Sampling and Cleanup Report - Plant 1 Site, prepared for CSC, by LES, Inc (conclusions and recommendations only)
October 22, 1990	Discharge Investigation and Corrective Action Report, prepared for CSC, by LES, Inc (summary and conclusions/recommendations only)
October 24, 1990	Interior Sampling Report - Plant 1 Site, prepared for CSC, by LES, Inc. (conclusions and recommendations only)
October 24, 1990	Exterior sampling and Cleanup Report - Plant 1 Site prepared for CSC, by LES, Inc (conclusions and recommendations only)
November 28, 1990	Confirmatory Sampling Report for Discharge Investigation and Corrective Action Report, prepared for CSC, by LES, Inc. (summary and recommendations and conclusions only)

Exh L - 1

538644-9

August 21, 1991	Letter to David DeClement, NJEDA from Frank D. Lawson and Nicholas DeRose, LES, Inc.
August 19, 1991	Background Environmental Study of the Campbell Soup Company Property for Aegis Property Group, Ltd by The Whitman Companies, Inc. (complete report)
July 21, 1991	Letter from D. Kern to M. Francois with analytical results from GE's sampling activities
May 14, 1991	Letter and report to D. Kern from Rex Hunter (Dynamac) on Due Diligence study of CSC
September 9, 1991	Memorandum to N. Murray from D Kern Re. Model of Lead.
September 25, 1991	Opinion Letter from Dave Lipsky, PhD of Dynamac to James Doyle
July 26, 1991	Letter from Tom Catapano of NJEDA to B. Witkowski of NJEDPE.

Exh. L - 2

538644-9

EXHIBIT 9
PARKING PLAN

Exh. 9- 1

538644-9

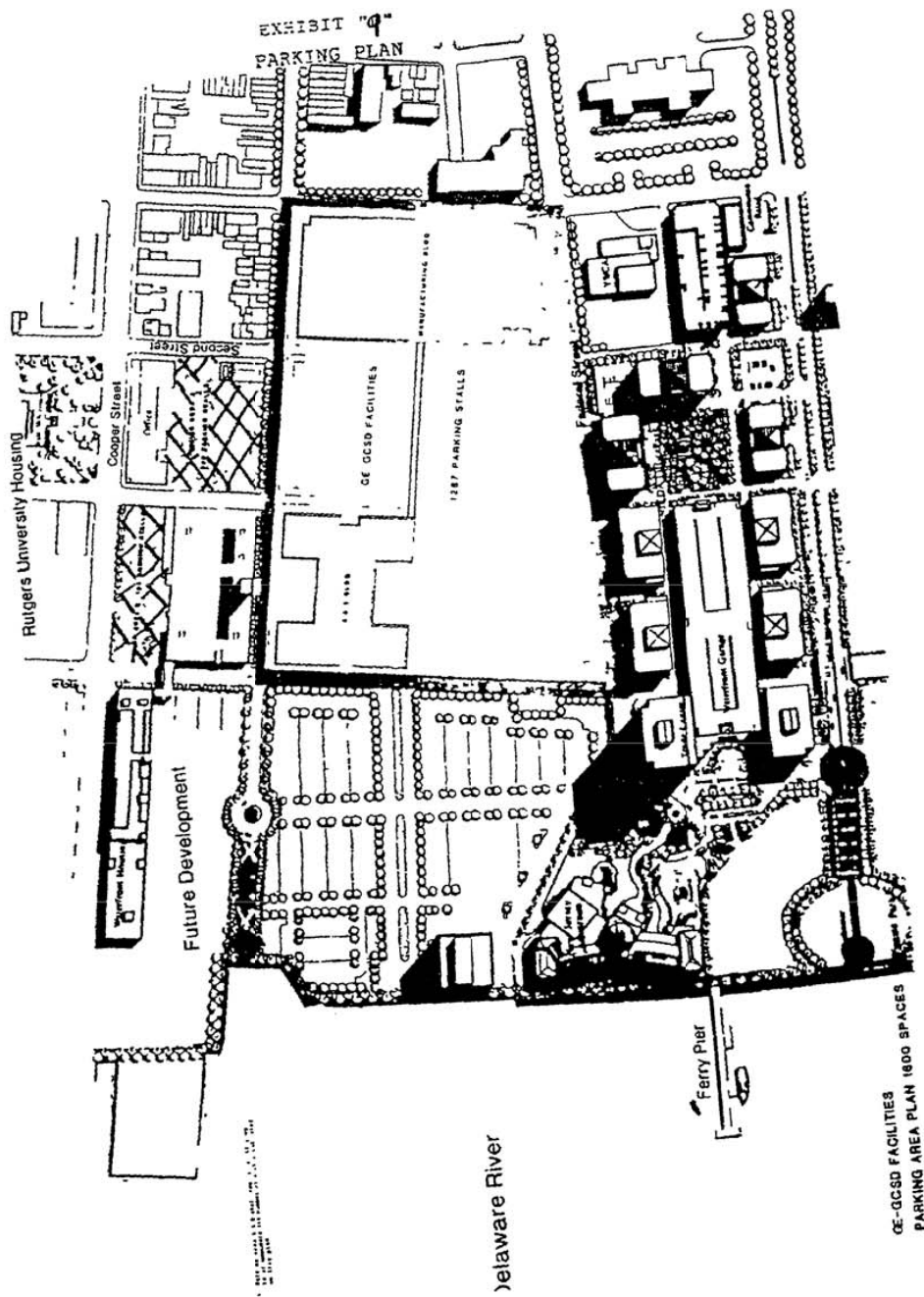


EXHIBIT 15

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT is made and entered into as of the ____ day of _____, 20__, among _____, a corporation having an address at _____, hereinafter called "Mortgagee", Camden Center Urban Renewal Limited Partnership, a corporation having an address at _____, hereinafter called "Landlord", and L-3 Communications Corporation, having an address at Third & Federal Streets, Camden, N.J., hereinafter called "Tenant":

WITNESSETH

WHEREAS, Mortgagee has made or has agreed to furnish its Letters of Credit in conjunction with the issuance by the New Jersey Economic Development Authority of its Bonds, the reimbursement of draws thereunder being secured by a mortgage ("Mortgage") covering the real estate described in EXHIBIT "A" hereto attached and hereby made a part hereof ("Demised Premises"), and

WHEREAS, Tenant leases a portion of the Demised Premises from Landlord pursuant to that certain lease between Landlord and Tenant dated _____, 2002 ("Lease"); and

WHEREAS, the parties hereto desire to set forth their agreement as to their respective rights and priorities in connection with said Mortgage

NOW, THEREFORE, in consideration of the premises and of the sum of One Dollar (\$1.00) by each party in hand paid to the other, the receipt of which is hereby acknowledged, it is hereby agreed as follows.

1. The Lease is and shall be subject and subordinate to the Mortgage and to all renewals, modifications, consolidations, replacements and extensions thereof, to the full extent of the principal sum secured thereby and interest thereon.

2. Tenant agrees that it will attorn to and recognize either a purchaser at a foreclosure sale under the Mortgage or a transferee who acquires the Demised Premises by deed in lieu of foreclosure or any transferee of either of them as Tenant's Landlord for the unexpired balance (and any extensions, if exercised) of the term of said Lease upon the same terms and conditions set forth in the Lease.

3. As long as there has not occurred an Event of Default under the Lease, Tenant's possession of the portion of the Demised Premises leased to it and Tenant's rights and privileges under the Lease upon all of the terms and conditions of Lease, including any extension, expansion and renewal rights which may be effected in accordance with any option thereof in the Lease shall not be diminished or interfered with by Mortgagee, and the Tenant's occupancy of its leased premises shall not be disturbed by the Mortgagee for any reason whatsoever during the term of the Lease or any such extensions or renewals thereof

Exh 15- 1

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4. In the event that it should become necessary to foreclose the Mortgage, as long as there has not occurred an Event of Default under the Lease, Mortgagee will neither terminate the Lease through foreclosure sale or by deed in lieu thereof, nor join Tenant in summary or foreclosure proceedings for the purpose of disturbing the quiet enjoyment or peaceable possession of Tenant under the Lease.

5. In the event that Mortgagee or any purchaser at a foreclosure sale or any transferee who acquires the Demised Premises by deed in lieu of foreclosure or any transferee of either of them shall succeed to the interest of Landlord under the Lease (provided that Mortgagee's Absolute Assignment of Lease shall not be deemed to be a transfer of Landlord's interest in the Lease), Mortgagee and any such purchaser or transferee agrees to be bound to Tenant under all of the terms, covenants and conditions of the Lease, and Tenant shall thereafter have the same remedies against Mortgagee or such purchaser or transferee for any breach or non-compliance with any provision in the Lease that Tenant might have had under the Lease against Landlord if Mortgagee or such purchaser or transferee had not succeeded to the interest of Landlord, provided that, notwithstanding any other provision hereof, Mortgagee or such purchaser or transferee shall not be

- (a) liable for any act or omission of any prior landlord (including Landlord), or
- (b) subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord); or
- (c) bound by any Rent which Tenant might have paid for more than the current month to any prior landlord (including Landlord), or
- (d) required to indemnify Tenant or any Tenant Indemnitee (as defined in the Lease), except for its own acts of gross negligence or willful misconduct, or
- (e) required to honor Tenant's purchase option once proceedings for the foreclosure of the Demised Premises have been begun, or
- (f) required to furnish the additional 313 parking spaces set forth in Section 9 I of the Lease.

6. Nothing herein shall obligate Tenant to pay rent or otherwise attend to Mortgagee, or to any purchaser or transferee pursuant to Section 2 above, until Tenant receives written notice from Mortgagee.

7. Tenant shall send Mortgagee copies of any notices or reports it sends to Landlord contemporaneously with such transmittal. Tenant shall, from time to time, deliver such certificates as Mortgagee shall request as to the continuance of the Lease in effect, as to payment of rents thereunder, and as to such related matters as Mortgagee shall reasonably request

Exh. 15- 2

538644-9

8. Tenant shall promptly notify Mortgagee of the occurrence of any default or event of default by Landlord under the Lease or any event which with the giving of notice or passage of time could become an event of default.

9 Mortgagee shall apply any casualty or condemnation proceeds towards the restoration of the Buildings, Demised Premises and/or Improvements as provided for in the Lease, notwithstanding any provisions in the Mortgage to the contrary, once Tenant has given written notice to Mortgagee that it waives its right to cancel the Lease under Section 11.3 of the Lease, and upon compliance with Mortgagee's customary construction loan requirements; provided no Event of Default has occurred under the Lease and no such default is continuing.

10 Mortgagee agrees that neither the Mortgage nor any other security instrument executed in connection therewith shall cover or be construed as subjecting in any manner to the lien thereof, any trade fixtures, signs or other personal property at any time furnished or installed by or for Tenant or its subtenants or licensees on or within the portion of the Demised Premises leased to Tenant, regardless of the manner or mode of attachment thereof, except such improvements as have become fixtures or improvements in which title resides in Landlord

11 This Agreement shall be binding upon the parties hereto and their respective successors and assigns

12 This Agreement may be executed in separate counterparts all of which shall constitute a single instrument

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written

MORTGAGEE.

By: _____
Title: _____

Secretary

LANDLORD:

By: _____
Title: _____

Secretary

Exh. 15- 3

538644-9

TENANT:

L-3 COMMUNICATIONS CORPORATION

By: _____
Title: _____

538644-9

Exh. 15- 4

EXHIBIT 41

RECAPTURE AREA

Exh 41 - 1

538644 9

RECAPTURE PARCEL

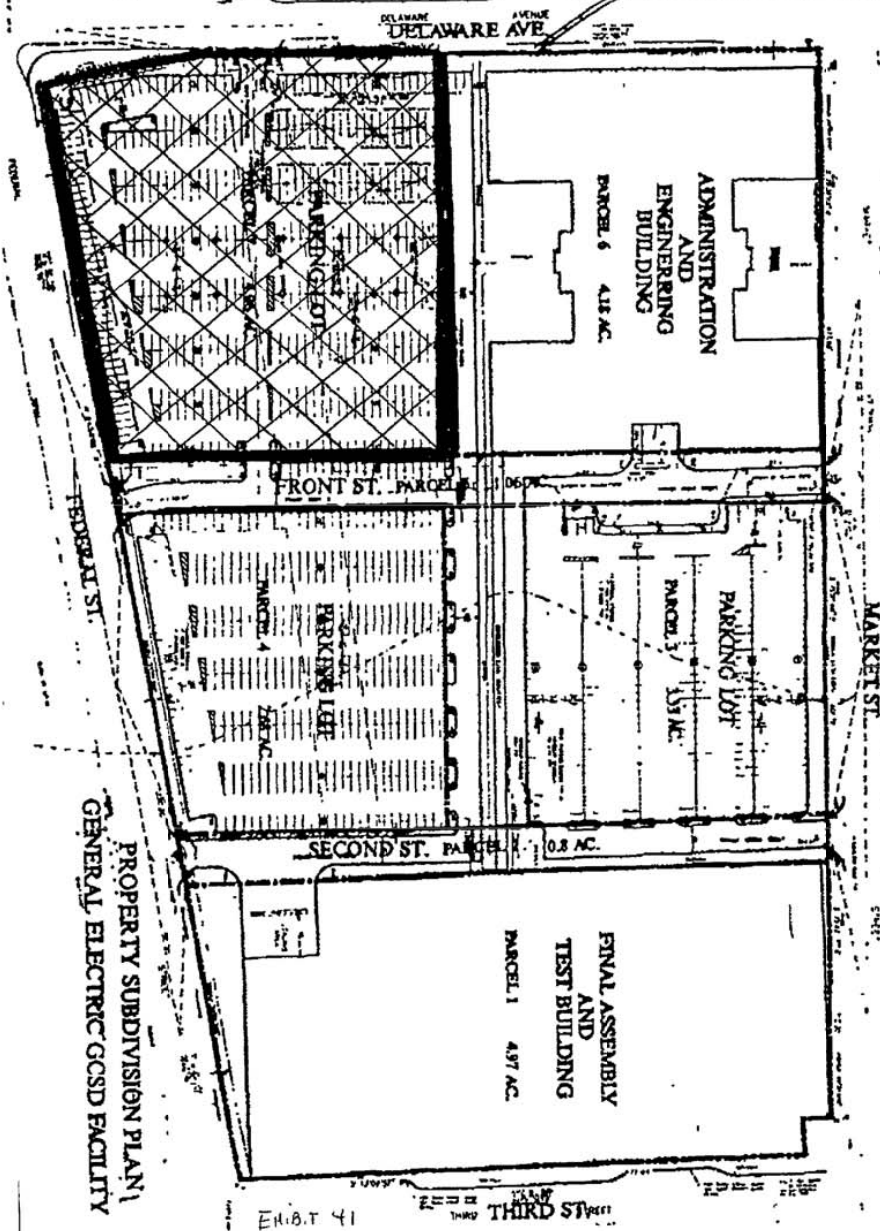


EXHIBIT 43

MEMORANDUM OF LEASE AND AGREEMENT

THIS MEMORANDUM OF LEASE AND AGREEMENT is made as of the ____ day of _____, 2002, by and between CAMDEN CENTER URBAN RENEWAL LIMITED PARTNERSHIP, a New Jersey limited partnership ("Landlord"), having offices c/o Aegis Camden Partners, Inc., 50 West State Street, Suite 112, Trenton, New Jersey 08540, and L-3 COMMUNICATIONS CORPORATION ("Tenant"), having an office and place of business at Third and Federal Streets, Camden, New Jersey 08102.

WITNESSETH

1 This is a memorandum of a lease and agreement entered into as of July, 2002 between Landlord and Tenant (the "Lease"), pursuant to which, and subject to the terms of which, Tenant has the right to occupy the land located in the City and County of Camden, State of New Jersey, more particularly described in Exhibit "A" annexed hereto and made a part hereof, together with all improvements to be constructed thereon (collectively, the "Demised Premises"), for a Basic Term of eighteen (18) years scheduled to commence on or about _____, 2002 (the "Commencement")

2 Tenant has one (1) successive option to extend the Basic Term of the Lease for a term of five (5) years, by giving notice of such exercise to Landlord not less than sixteen (16) months prior to the expiration of the Term.

3. The Term of the Lease unless otherwise extended shall expire on March 15, 2018.

4 Tenant has the right and option, more fully described in Paragraph 37 of the Lease, to purchase all of Landlord's right, title and interest in the Demised Premises.

5 The purpose of this Memorandum of Lease and Agreement is to provide constructive notice of the Lease and interested parties must refer to the Lease for a full statement of the respective rights and obligations of the parties. This Memorandum of Lease and Agreement shall not be deemed to change, modify or otherwise affect any of the provisions of the Lease.

Exh. 43- 1

538644-9

IN WITNESS WHEREOF, Landlord has caused this instrument to be signed by its general partner and Tenant has caused this instrument to be executed by its duly authorized officer as of the day and year first above written

LANDLORD

[CORPORATE SEAL]

CAMDEN CENTER URBAN RENEWAL
LIMITED PARTNERSHIP

ATTEST

By Aegis Camden Partners, Inc
a General Partner

Name:

Assistant Secretary

By

James A Kinzig
President

TENANT

L-3 COMMUNICATIONS CORPORATION

[CORPORATE SEAL]

ATTEST

By

Name
Title

Name:
Title

Exh. 43- 2

538644-9

EXHIBIT "A "

LEGAL DESCRIPTION OF LAND

ALL that certain tract or parcel of land and premises, situate, lying and being in the City of Camden, in the County of Camden, and State of New Jersey, more particularly described as follows:

BEGINNING at a drill hole at the corner of the southerly line of Market Street (80 feet wide) and the easterly line of Delaware Avenue (70 feet wide) said point having a N.J. State Plane Coordinate of N 405,897.62, E 1,870,490.11, and extending thence,

- (10) South 75 degrees 31 minutes 13 seconds East 477 02 feet to a point, thence
- (11) South 75 degrees 21 minutes 44 seconds East 401 39 feet to a point, thence
- (12) South 75 degrees 49 minutes 15 seconds East 310 95 feet to a point, thence
- (13) South 13 degrees 09 minutes 52 seconds West 30 00 feet to a point, thence
- (14) South 75 degrees 49 minutes 15 seconds East a distance of 40 00 feet to a point, thence
- (15) South 13 degrees 09 minutes 52 seconds West along the westerly line of Third Street (80 feet wide) a distance of 611 44 feet to a drill hole, thence
- (16) North 84 degrees 58 minutes 28 seconds West along the northerly line of Federal Street (66 feet wide) a distance of 1230 20 feet to a point, thence
- (17) North 04 degrees 58 minutes 12 seconds East along the easterly line of Delaware Avenue (70 feet wide) a distance of 185 11 feet to a point, thence
- (18) North 14 degrees 28 minutes 47 seconds East along same, a distance of 660 05 feet to the point and place of BEGINNING.

TOGETHER WITH any and all rights of the Grantor to all vacated roadbeds lying within the above-described area.

The above description is in accordance with a survey drawn by Pennoni Associates (Glenn O. McAllister, P.L.S.) dated July 12, 1992.

FOR INFORMATION ONLY

Being known as Block 73, Lots 24, 37, 39, 45, 50, 52, 54, 56, 61, 69, 71 and 75, Block 76, Lots 1, 4, 5, 11, 12, 13, 14, 15, 17, 19, 23, 25, 29, 38, 44 and 57, Block 142, Lot 1, Block 143, Lot 1; Block 144, Lots, 1, 2, 8, 10, 21, 29, 30, 33, 34 and 35 on the Official Tax Map of the City of Camden in the County of Camden and State of New Jersey

Exh. 43- 3

538644-9

STATE OF NEW JERSEY :
COUNTY OF : SS.

On the _____ day of _____, 1991, before me personally came James A. Kinzig to me known, who being by me duly sworn, did depose and say that he is the President of AEGIS CAMDEN PARTNERS, INC., a New Jersey corporation, that said corporation is the General Partner of CAMDEN CENTER URBAN RENEWAL LIMITED PARTNERSHIP, a New Jersey limited partnership, and that he, being authorized to do so, executed the foregoing instrument as the act and deed of CAMDEN CENTER URBAN RENEWAL LIMITED PARTNERSHIP for the uses and purposes in said instrument set forth.

[NOTARIAL SEAL]

Notary Public

STATE OF NEW JERSEY :
COUNTY OF : SS

On the _____ day of _____, 1991, before me personally came _____ to me known, who being by me duly sworn, did depose and say that he is a _____ of L-3 COMMUNICATIONS CORPORATION, and that he, being authorized to do so, executed the foregoing instrument as the act and deed of L-3 COMMUNICATIONS CORPORATION for the uses and purposes in said instrument set forth.

[NOTARIAL SEAL]

Notary Public

Exh. 43- 4

538644-9

CAMDEN CENTER URBAN RENEWAL LIMITED PARTNERSHIP,

Landlord

and

L-3 COMMUNICATIONS CORPORATION,

Tenant

MEMORANDUM OF LEASE AND AGREEMENT

Block and Lot Nos	<u>Block</u>	<u>Lot</u>
County	:	Camden
City	:	Camden
State	:	New Jersey
Demised Premises	:	Approximately _____ acres situated in the City and County of Camden, State of New Jersey, bounded by Market, Third and Federal Streets and an internal line between Market and Federal Streets

This instrument was prepared by, and
after recording is to be returned to.

Bernard S. Davis, Esquire
St. John & Wayne, L.L.C.
2 Penn Plaza East
Newark, New Jersey 07105

538644-9

SCHEDULE A

L-3 Camden Base Rent Payment
Schedule
amounts in \$

		Lease Rates			New		Combine
		Manufacturing	Administration	Total	Manufacturing	Administration	
September	2002	56250.00	0.00	56250.00	146201.00	328593.00	474794.00
October	2002	56250.00	0.00	56250.00	56250.00	328593.00	384843.00
November	2002	56250.00	0.00	56250.00	56250.00	328593.00	384843.00
December	2002	<u>56250.00</u>	<u>0.00</u>	<u>56250.00</u>	<u>56250.00</u>	<u>328593.00</u>	<u>384843.00</u>
Total	2002	225000.00	0.00	225000.00	314951.00	1314372.00	1629323.00
January	2003	56250.00	0.00	56250.00	56250.00	328593.00	384843.00
February	2003	56250.00	0.00	56250.00	56250.00	328593.00	384843.00
March	2003	56250.00	175000.00	231250.00	56250.00	339301.00	395551.00
April	2003	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
May	2003	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
June	2003	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
July	2003	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
August	2003	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
September	2003	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
October	2003	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
November	2003	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
December	2003	<u>56250.00</u>	<u>175000.00</u>	<u>231250.00</u>	<u>56250.00</u>	<u>175000.00</u>	<u>231250.00</u>
Total	2003	675000.00	1750000.00	2425000.00	675000.00	2571487.00	3246487.00
January	2004	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
February	2004	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
March	2004	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
April	2004	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
May	2004	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
June	2004	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
July	2004	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
August	2004	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
September	2004	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
October	2004	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
November	2004	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
December	2004	<u>56250.00</u>	<u>175000.00</u>	<u>231250.00</u>	<u>56250.00</u>	<u>175000.00</u>	<u>231250.00</u>
Total	2004	675000.00	2100000.00	2775000.00	675000.00	2100000.00	2775000.00
January	2005	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
February	2005	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
March	2005	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
April	2005	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
May	2005	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
June	2005	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00

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July	2005	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
August	2005	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
September	2005	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
October	2005	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
November	2005	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
December	2005	<u>56250.00</u>	<u>175000.00</u>	<u>231250.00</u>	<u>56250.00</u>	<u>175000.00</u>	<u>231250.00</u>
Total	2005	675000.00	2100000.00	2775000.00	675000.00	2100000.00	2775000.00
January	2006	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
February	2006	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
March	2006	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
April	2006	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
May	2006	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
June	2006	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
July	2006	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
August	2006	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
September	2006	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
October	2006	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
November	2006	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
December	2006	<u>56250.00</u>	<u>175000.00</u>	<u>231250.00</u>	<u>56250.00</u>	<u>175000.00</u>	<u>231250.00</u>
Total	2006	675000.00	2100000.00	2775000.00	675000.00	2100000.00	2775000.00
January	2007	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
February	2007	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
March	2007	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
April	2007	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
May	2007	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
June	2007	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
July	2007	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
August	2007	56250.00	175000.00	231250.00	56250.00	175000.00	231250.00
September	2007	74062.50	175000.00	249062.50	74062.50	175000.00	249062.50
October	2007	74062.50	175000.00	249062.50	74062.50	175000.00	249062.50
November	2007	74062.50	175000.00	249062.50	74062.50	175000.00	249062.50
December	2007	74062.50	<u>175000.00</u>	<u>249062.50</u>	<u>74062.50</u>	<u>175000.00</u>	<u>249062.50</u>
Total	2007	746250.00	2100000.00	2846250.00	746250.00	2100000.00	2846250.00
January	2008	74062.50	175000.00	249062.50	74062.50	175000.00	249062.50
February	2008	74062.50	175000.00	249062.50	74062.50	175000.00	249062.50
March	2008	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
April	2008	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
May	2008	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
June	2008	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
July	2008	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
August	2008	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
September	2008	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
October	2008	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
November	2008	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
December	2008	<u>74062.50</u>	<u>204166.67</u>	<u>278229.17</u>	<u>74062.50</u>	<u>204166.67</u>	<u>278229.17</u>
Total	2008	888750.00	2391666.70	3280416.70	888750.00	2391666.70	3280416.70

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January	2009	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
February	2009	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
March	2009	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
April	2009	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
May	2009	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
June	2009	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
July	2009	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
August	2009	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
September	2009	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
October	2009	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
November	2009	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
December	2009	<u>74062.50</u>	<u>204166.67</u>	<u>278229.17</u>	<u>74062.50</u>	<u>204166.67</u>	<u>278229.17</u>
Total	2009	888750.00	2450000.04	3338750.04	888750.00	2450000.04	3338750.04

January	2010	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
February	2010	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
March	2010	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
April	2010	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
May	2010	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
June	2010	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
July	2010	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
August	2010	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
September	2010	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
October	2010	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
November	2010	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
December	2010	<u>74062.50</u>	<u>204166.67</u>	<u>278229.17</u>	<u>74062.50</u>	<u>204166.67</u>	<u>278229.17</u>
Total	2010	888750.00	2450000.04	3338750.04	888750.00	2450000.04	3338750.04

January	2011	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
February	2011	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
March	2011	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
April	2011	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
May	2011	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
June	2011	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
July	2011	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
August	2011	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
September	2011	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
October	2011	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
November	2011	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
December	2011	<u>74062.50</u>	<u>204166.67</u>	<u>278229.17</u>	<u>74062.50</u>	<u>204166.67</u>	<u>278229.17</u>
Total	2011	888750.00	2450000.04	3338750.04	888750.00	2450000.04	3338750.04

January	2012	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
February	2012	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
March	2012	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
April	2012	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
May	2012	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17
June	2012	74062.50	204166.67	278229.17	74062.50	204166.67	278229.17

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July	2012	74062	50	204166	67	278229	17	74062	50	204166.67	278229.17
August	2012	74062	50	204166	67	278229	17	74062	50	204166.67	278229.17
September	2012	74062	50	204166	67	278229	17	74062	50	204166.67	278229.17
October	2012	74062	50	204166	67	278229	17	74062	50	204166.67	278229.17
November	2012	74062	50	204166	67	278229	17	74062	50	204166.67	278229.17
December	2012	<u>74062</u>	<u>50</u>	<u>204166</u>	<u>67</u>	<u>278229</u>	<u>17</u>	<u>74062.50</u>	<u>204166.67</u>	<u>278229.17</u>	
Total	2012	888750	00	2450000	04	3338750	04	888750.00	2450000.04	3338750.04	
January	2013	74062	50	204166	67	278229	17	74062.50	204166.67	278229.17	
February	2013	74062	50	204166	67	278229	17	74062.50	204166.67	278229.17	
March	2013	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
April	2013	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
May	2013	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
June	2013	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
July	2013	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
August	2013	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
September	2013	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
October	2013	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
November	2013	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
December	2013	<u>74062</u>	<u>50</u>	<u>233333</u>	<u>33</u>	<u>307395</u>	<u>83</u>	<u>74062.50</u>	<u>233333.33</u>	<u>307395.83</u>	
Total	2013	888750	00	2741666	64	3630416	64	888750.00	2741666.64	3630416.64	
January	2014	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
February	2014	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
March	2014	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
April	2014	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
May	2014	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
June	2014	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
July	2014	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
August	2014	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
September	2014	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
October	2014	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
November	2014	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
December	2014	<u>74062</u>	<u>50</u>	<u>233333</u>	<u>33</u>	<u>307395</u>	<u>83</u>	<u>74062.50</u>	<u>233333.33</u>	<u>307395.83</u>	
Total	2014	888750	00	2799999	96	3688749	96	888750.00	2799999.96	3688749.96	
January	2015	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
February	2015	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
March	2015	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
April	2015	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
May	2015	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
June	2015	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
July	2015	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
August	2015	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
September	2015	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
October	2015	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
November	2015	74062	50	233333	33	307395	83	74062.50	233333.33	307395.83	
December	2015	<u>74062</u>	<u>50</u>	<u>233333</u>	<u>33</u>	<u>307395</u>	<u>83</u>	<u>74062.50</u>	<u>233333.33</u>	<u>307395.83</u>	
Total	2015	888750	00	2799999	96	3688749	96	888750.00	2799999.96	3688749.96	

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January	2016	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
February	2016	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
March	2016	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
April	2016	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
May	2016	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
June	2016	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
July	2016	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
August	2016	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
September	2016	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
October	2016	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
November	2016	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
December	2016	<u>74062.50</u>	<u>233333.33</u>	<u>307395.83</u>	<u>74062.50</u>	<u>233333.33</u>	<u>307395.83</u>
Total	2016	888750.00	2799999.96	3688749.96	888750.00	2799999.96	3688749.96
January	2017	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
February	2017	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
March	2017	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
April	2017	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
May	2017	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
June	2017	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
July	2017	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
August	2017	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
September	2017	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
October	2017	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
November	2017	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
December	2017	<u>74062.50</u>	<u>233333.33</u>	<u>307395.83</u>	<u>74062.50</u>	<u>233333.33</u>	<u>307395.83</u>
Total	2017	888750.00	2799999.96	3688749.96	888750.00	2799999.96	3688749.96
January	2018	74062.50	233333.33	307395.83	74062.50	233333.33	307395.83
February	2018	<u>74062.50</u>	<u>233333.33</u>	<u>307395.83</u>	<u>74062.50</u>	<u>233333.33</u>	<u>307395.83</u>
Total	2018	148125.00	466666.66	614791.66	148125.00	466666.66	614791.66
Grand Total		12706875.00	36750000.00	49456875.00	12796826.00	38885859.00	51682685.00
Leases		0					

Payments are due on the first business day of each calendar month

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SCHEDULE B

Payments on the Series A Bonds are due on the dates, in each of the years and in the amounts as follows

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount</u>
2003	\$955,000	2011	900,000
2004	565,000	2012	965,000
2005	630,000	2013	1,330,000
2006	665,000	2014	1,490,000
2007	775,000	2015	1,570,000
2008	1,255,000	2016	1,715,000
2009	1,355,000	2017	1,840,000
2010	840,000	2018	6,150,000

Total \$23,000,000

* Estimated. The actual sinking fund redemption schedule for the Series A Bonds will be determined at or shortly before issuance, but is not expected to vary materially from the amounts listed herein.

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ADDENDUM C – Argus Output



L-3
Camden, NJ

Software: ARGUS Valuation - Lite Ver. 4.0.1.26
File: 213311 L-3 Argus file
Property Type: Office/Industrial

Prospective Present Value
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 10.00%
Year 1	Dec-2014		
Year 2	Dec-2015		
Year 3	Dec-2016		
Year 4	Dec-2017		
Year 5	Dec-2018		
Year 6	Dec-2019		
Year 7	Dec-2020		
Year 8	Dec-2021		
Year 9	Dec-2022		
Year 10	Dec-2023		
Total Cash Flow			
Property Resale @ 8.75% Cap			
Total Property Present Value			
Rounded to Thousands			
Per SqFt			
Percentage Value Distribution			
Assured Income			31.74%
Prospective Income			16.35%
Prospective Property Resale			51.91%
			=====
			100.00%

ADDENDUM D - Qualifications

Qualifications of Jerome J. McHale, MAI

Professional Position (1995-Present)

Principal in the firm of J. McHale & Associates, Inc; specializing in real estate appraisal and consulting services for all property types for a variety of purposes including financing, condemnation, ad valorem, matrimonial, and estate planning. The firm concentrates throughout the State of New Jersey and in the Philadelphia Metropolitan Area.

Professional Certifications & Licenses

Member, (MAI), Appraisal Institute, Certificate No. 10,302
Certified General Appraiser (# RG-00239), State of New Jersey
General Appraiser (# GA-001359-R), Commonwealth of Pennsylvania
Licensed Real Estate Sales Agent (# SP-8735757), State of New Jersey
Certified Member, National Council of Affordable Housing Market Analysts

Professional Experience

- 1988 - 1995 Staff Appraiser with the firm of Herskowitz, Rosen & Walton with offices in Cherry Hill, New Jersey; Atlantic City, New Jersey; and Conshohocken, Pennsylvania. Specialized in appraisal services for financing, condemnation, ad valorem, and estate purposes.
- Real Estate Salesperson with the firm of Kingsway Realty, Inc. with offices in Cherry Hill, New Jersey and Woodbury Heights, New Jersey; specialized in the sale and leasing of residential and commercial property.
- 1986 - 1988 Staff Appraiser with the firm of F.P. Pietroski & Company with offices in Cherry Hill, New Jersey; Hingham, Massachusetts; and Portland, Maine. Specialized in appraisal services for financing, condemnation, ad valorem, and estate purposes.
- Real Estate Salesperson with the firm of Kruckner Real Estate, Inc., Medford, New Jersey; Specialized in the sale and leasing of residential property and vacant land.
- 1984 - 1986 Manager and Cost Analyst with the National Exchange Carrier Association located in Whippany, New Jersey. The company developed computer generated billing rate structures for the telephone industry.

Scope Of Appraisal Activity

Actively engaged in real estate appraising and consulting services since 1986 with assignments including a variety of property types such as multi-family, farmland for preservation programs, banks, condominium developments, hotels and motor inns, industrial buildings, land, office buildings, LIHTC & market rate rent & demand studies, residential developments, recreational facilities, restaurants, retail stores, shopping centers, and various special purpose properties including major petrochemical and oil refineries.

Education

B.A., Economics & Business Administration, Fort Lewis College, Durango, Colorado

Profession Related Courses & Seminars Attended

Current – 2000

“Complex Litigation Appraisal Case Studies”, Appraisal Institute, March 2013	“Business Practice & Ethics”, Appraisal Institute, December 2009
“Marketability Studies: The Six-Step Process and Basic Applications”, Appraisal Institute, March 2013	“SJ Redevelopment and Growth”, Appraisal Institute, September 2009
“The State of the U.S. Real Estate Market”, Appraisal Institute, September 2012	“National USPAP Equivalent Course”, Appraisal Institute, July 2009
“IRS Valuation”, Appraisal Institute, July 2012	“Appraising the Appraisal Business”, Appraisal Institute, June 2009
“State Agriculture Development Committee, Farmland Preservation Program Annual Appraisal Conference”, NJ Department of Agriculture, State Agriculture Development Committee, June 2012	“Appraisal Tools Tune Up”, Appraisal Institute, June 2009
“Federal Agencies and Appraisal: Program Updates”, Appraisal Institute, June 2012	“Professional’s Guide to the Fannie Mae 2-4 Unit Form 1025” Appraisal Institute, December 2007
“Assessors & Appraisers in Today’s Market”, Appraisal Institute, April 2012	“Appraising For The New Jersey Farmland Preservation Program” - NJ Dept. of Agriculture, June 2007
“Fundamentals of Separating Real Property, Personal Property, and Intangible Assets”, Appraisal Institute, March 2012	“Real Estate Finance, Value & Investment Performance” – Appraisal Institute, May 2007
“USPAP 2010-2011”, Appraisal Institute, December 2011	“USPAP Update” – Appraisal Institute, , October 2007
“Valuation for Financial Reporting”, Appraisal Institute, November 2011	“PA Appraisal Statutes, Regulations and Board Policies” – Appraisal Institute, June 2005
“Solar Energy: A RE Appraiser’s Overview”, Appraisal Institute, September 2011	“USPAP 7-Hour Update” – Appraisal Institute, June 2005
“Green Acres Appraisal Conference”, NJDEP, September 2011	“The Essentials: What every Appraiser should know” – Appraisal Institute, May 2005
“PA Appraisal Statutes, Regulations and Board Policies”, Appraisal Institute, June 2011	“Current Issues: Misconceptions in Appraisal” – Appraisal Institute, May 2005
“State Agriculture Development Committee Annual Appraisal Conference”, NJSADC, June 2011	“Attacking & Defending an Appraisal” – Appraisal Institute, May 2005
“Income Capitalization in Today’s Market”, Appraisal Institute, May 2011	“Latest Trends in Hotel Valuation” – Appraisal Institute, May 2005
“Marketability Analysis”, Appraisal Institute, May 2011	“Maximizing the Value of an Appraisal Practice” – Appraisal Institute, May 2005
“Bones of Contention”, Appraisal Institute, May 2011	“Appraisal Review” - Appraisal Institute, October 2003
“NCAHMA ’09 Public Policy & Market Study Forum”, NCAHMA, April 2011	“Tax Appeals in Pennsylvania” -Philadelphia Bar Association, March 2003
“2011 Affordable Housing Policy & Underwriting Forum”, National Housing & Rehabilitation Association, April 2011	“Uniform Standards of Professional Appraisal Practice, Part C” - Appraisal Institute, December 2001
“New Jersey Pinelands”, Appraisal Institute, November 2010	“Attacking & Defending An Appraisal In Litigation” - Appraisal Institute, September 2001
“State Agriculture Development Committee Annual Appraisal Conference”, NJSADC, June 2010	“Appraisal Review” - Appraisal Institute, July 2001
“Farmland Assessment & Agriculture” Appraisal Institute, June 2010	“Appraising For The New Jersey Farmland Preservation Program” - NJ Dept. of Agriculture, June 2001
“Real Estate Market Overview”, Appraisal Institute, April 2010	“Section 8/HUD Rent Comparability Studies & Standards” - Appraisal Institute, April 2001
	“Overview of the New Jersey Green Acres Program” - NJDEP, January 2001

"Federal Land Exchanges & Acquisitions: Appraisal Issues & Applications" - Appraisal Institute & ASFMRA, September 2000

1999 - 1989

"Appraisal of Nursing Facilities" - Appraisal Institute, December 1999

"Standards Of Professional Practice - Part B" - Appraisal Institute, Nov. 1999

"New Jersey Farmland Preservation Program" - State of New Jersey, June 1999

"Appraisal of Non-Conforming Uses" - Appraisal Institute, April 1999

"Valuation of Special Purpose Properties" - Appraisal Institute, November 1998

"Eminent Dominant" - Appraisal Institute, November 1998

"Standards Of Professional Practice - Part A" - Appraisal Institute, August 1997

"Appraisal of Farmland" - Trenton, NJ, June 1998

"Affordable Housing Valuation" - Appraisal Institute, January 1997

"First Annual Survey Of Property Tax Developments", January 1997

"Appraisal Of Retail Properties" - Appraisal Institute, March 1996

"New Jersey Farmland Preservation Program", May 1996

"Introduction to Lead Based Paint and Lead Inspection Training", December 1995

"The Dynamics of Office Building Valuation" - Appraisal Institute, December 1995

"New Jersey Tax Court Cases" - Cherry Hill, NJ, May 1995

"The Appraisers Complete Review" - Appraisal Institute, July 1993

"Litigation Valuation" - Appraisal Institute, April 1992

"Report Writing & Valuation Analysis" - Appraisal Institute San Jose State University, July 1991

"Case Studies in Real Estate Valuation" - Appraisal Institute, Rutgers University, April 1990

"Capitalization Theory & Techniques, Part B" - Appraisal Institute, Rutgers University, October 1989

"Capitalization Theory & Techniques, Part A" - Appraisal Institute, Rutgers University, June 1989

Professional Speaking Engagements

Loriman Education Services "Eminent Domain Practices"
Cherry Hill, New Jersey, January 2008

Law Seminars International/PA Planning Association "Eminent Domain Practice & Procedure/Redevelopment After Kelo" Philadelphia, PA, November 2005

Loriman Education Services "NJ Tax Appeals – The Lawyer & Appraiser Relationship"
Mount Laurel, New Jersey, March 2003

Positions Held with the Appraisal Institute (Southern New Jersey Chapter)

- Past President – 2012 & 2001
- All Officer Positions
- 2013 Board Member

Expert Testimony

Mr. McHale has qualified as an expert witness and has appeared before the United States Federal Bankruptcy Court, New Jersey Tax Court, New Jersey Superior Court, numerous New Jersey County Boards of Taxation, the Pennsylvania Court of Common Pleas, various Pennsylvania Boards of Appeal, and various Commissioner Panels for condemnation matters.